



Inver Grove Heights City Council

Monday, May 5, 2025 at 6:00 PM

Veterans Memorial Community Center Community Room #3
8055 Barbara Ave, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Rebecca Kiernan (rkiernan@ighmn.gov). Comments received prior to 12:00 p.m. on Monday, May 5, 2025, will be provided to the Council at or before the May 5, 2025 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **Discussion Items**
 - A. Results and Findings of Dakota County CDA Housing Needs Assessment
 - B. Central Maintenance Facility - Bonding Process & Timing
 - C. Update on Monopole Feasibility Study (City Project No. 2024-18)
 - D. Restrictive Vehicle Signage Discussion
 - E. Stormwater Focus Group - Application Feedback
5. **Adjourn**

This document is available upon a three (3) business day request in alternate formats such as braille, large print, audio recording, etc. Please contact Rebecca Kiernan, City Clerk, at 651.450.2513 or rkiernan@ighmn.gov.



**SUBJECT: Results and Findings of Dakota County CDA Housing
Needs Assessment**

MEETING DATE: May 5, 2025

ITEM TYPE: Discussion Items

CONTACT: Jason Ziemer, Community Development Director, 651-450-2546

PURPOSE/ACTION REQUESTED

In this joint work session of the City Council and Planning Commission, the two bodies are asked to receive a presentation from Patrick Bowen, of Bowen National Research, regarding the Dakota County Housing Needs Assessment, and discuss the results of the study, specifically as they relate to Inver Grove Heights.

BACKGROUND

The Dakota County Community Development Agency ("CDA") authorized an update to a previous County-wide Housing Needs Assessment ("Report"). As part of this project, the CDA authorized the consultant, Bowen National Research, to complete a submarket analysis for each of the 11 larger cities in the County. The section of the Report specific to Inver Grove Heights is attached.

Data collection took place during the Summer/Fall of 2024, and that data was used to project housing needs for the five-year period from 2024 to 2029. The final Report was completed in February 2025 and presented to the CDA Board of Directors in March 2025.

Patrick Bowen from Bowen National Research will be at this joint City Council-Planning Commission worksession to discuss the study from the County and City perspective.

It is important to note that the Report represents a snapshot in time based on market conditions. It is not based on City comprehensive plans, land use guidance or zoning. The market data used in the study leverages the collection point to estimate population and household growth, housing demands and other factors over the next five years.

This is different from the Comprehensive Plan process, which focuses on a 20-year planning continuum. The Comprehensive Plan uses the same or similar technical data points (i.e. market data, trend analysis, etc.), but also factors in values and issues important to the community, short- and long-term needs, etc. to develop the corresponding vision, goals and outcomes, and related implementation strategies. The City's next Comprehensive Plan will be the 2050 Plan, adopted in 2028 or 2029 and effective in 2030.

Some key findings of the Report, relative to Inver Grove Heights, include:

- Population growth has slowed and is expected to remain stable over the next five years.

- The number of owner households will increase over the next five years; renter households will decline. The changes in both correlate to the availability of and demand for applicable housing units.
- The top five employment sectors comprise more than 60% of the City's employment base: Retail Trade, Manufacturing, Health Care and Social Assistance, Educational Services, and Wholesale Trade.
- Nearly twice as many residents in the workforce (15,428) go elsewhere for work as compared to those that commute in and work here (8,191). Nonetheless, these "inflow" workers (8,191) represents an opportunity to capture new residents.
- Owner housing comprises nearly three-fourths (74.3%) of all available housing compared to renter housing (25.7%). Vacancy rates for both are significantly low, with little inventory available to potential buyers and renters.
- Limited housing availability and higher prices increase household cost-burden and/or cause households to relocate elsewhere to find more attainable housing choices.
- Like other age and income groupings, the older age demographic plus high occupancy rates for senior housing indicates the need for more options across the housing spectrum (i.e. independent living, assisted living and nursing homes).
- The projected housing gap is 1,817 units over the five-year study horizon – 475 rental units and 1,342 for-sale units.

The final page of the attached Inver Grove Heights data (Addendum I, Page 29) further synthesizes the key findings into a simple SWOT Analysis.

Met Council Forecasts

In addition to the information contained within the CDA Report for the time period of 2024-2029, the Council and Planning Commission may also wish to review or discuss the community forecast for Inver Grove Heights, as established by the Metropolitan Council. These forecasts extend out to 2050 and must be used as the basis for the City's next comprehensive plan.

Met Council Forecasts from Last Round of Comp Planning (out to 2040)

	2020	2030	2040
Population	33,730	42,000	46,700
Households	15,400	17,600	19,800
Employment	11,400	12,400	14,000

Met Council Forecasts for Upcoming Round of Comp Planning (out to 2050)

	2020*	2030	2040	2050
Population	35,791	37,800	38,700	42,500
Households	14,338	15,600	16,300	18,000
Employment	9,602	12,400	13,700	15,700

* 2020 numbers are estimated actuals.

Additionally, the housing policy for each metro-area city is to plan for a certain number of affordable housing units. The allocated number of affordable housing units for Inver Grove Heights is:

	Thrive 2040	Imagine 2050
≤ 30% AMI	274	256
31%-50% AMI	157	210
51%-80% AMI	160	62
Total Units	591	528

The Housing Chapter from the 2040 Comprehensive Plan is also attached.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. IGH Only_Housing Needs Assessment_Final2024
2. IGH 2040 Comp Plan - Housing Chapter

HOUSING NEEDS ASSESSMENT

Dakota County,
Minnesota



BOWEN
NATIONAL
RESEARCH

2024

ADDENDUM I: CITY OF INVER GROVE HEIGHTS OVERVIEW

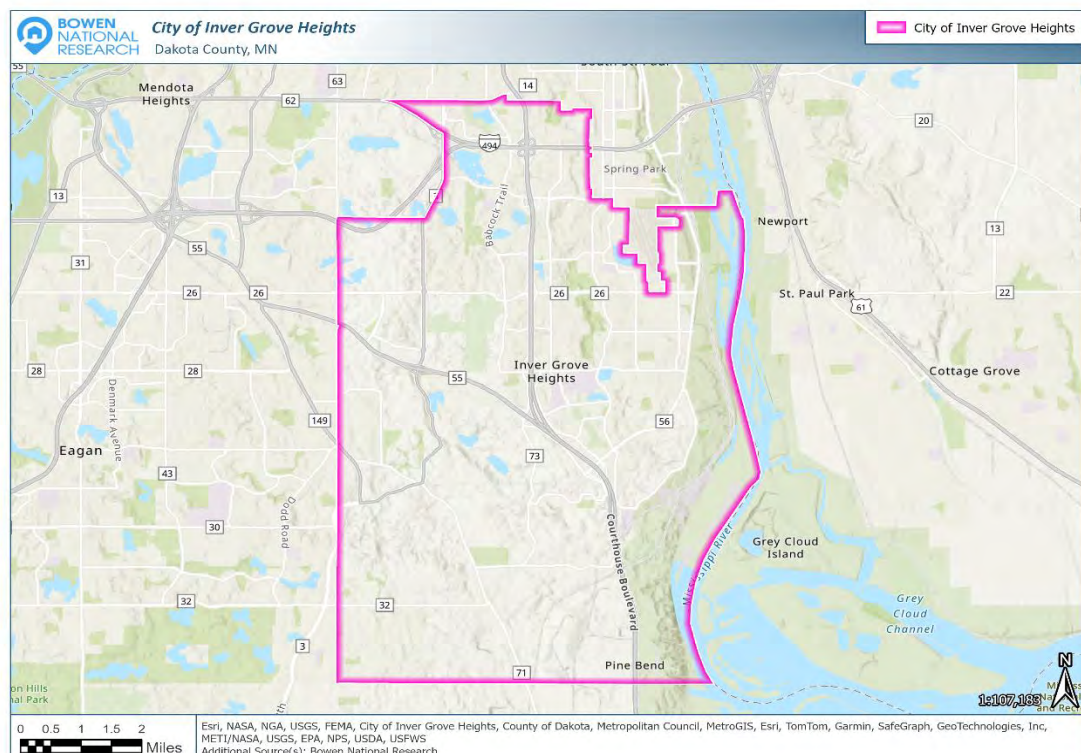
While the primary focus of this Housing Needs Assessment is on the entirety of the Primary Study Area, or PSA (Dakota County), this section of the report includes an overview of demographic, economic, and housing metrics specific to the city of Inver Grove Heights. To provide a base of comparison, various metrics of Inver Grove Heights were compared with the entirety of Dakota County and statewide numbers.

The analyses on the following pages provide overviews of key demographic and economic data, summaries of the multifamily rental market and for-sale housing supply, and general conclusions on the housing needs of the area. It is important to note that the demographic projections included in this section assume no significant government policies, programs or incentives are enacted that would drastically alter residential development or economic activity. Note that some topics presented in this analysis, particularly migration and economic data, may be limited to county-based metrics due to the availability of data.

A. INTRODUCTION

Inver Grove Heights is located in the northern portion of Dakota County, approximately 19 miles southeast of Minneapolis. Inver Grove Heights contains approximately 30 square miles and has an estimated population of 36,596 in 2024. U.S. Highway 52 runs north/south generally through the center of the city while State Routes 3 and 55 serve the western portion of the city. This provides access to nearby metropolitan centers.

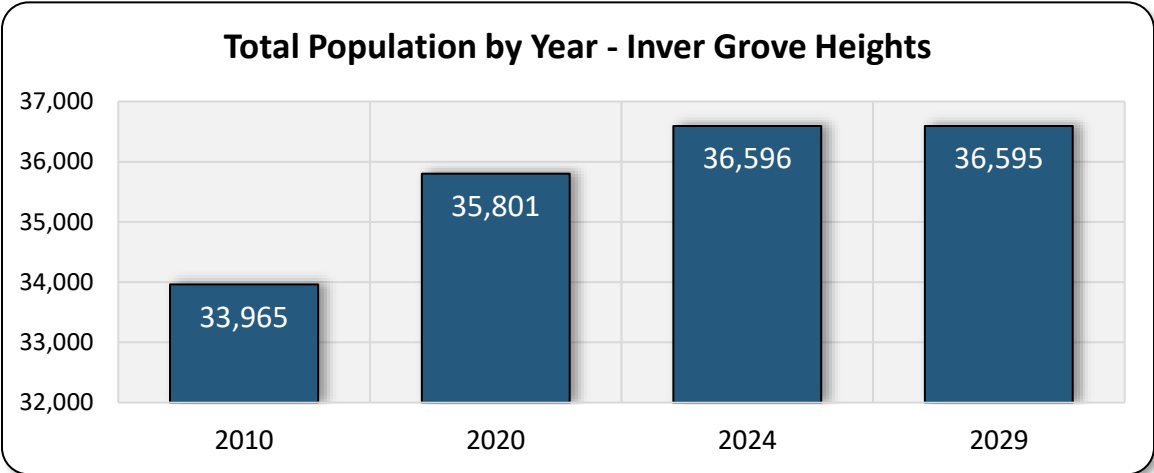
The following map illustrates the city of Inver Grove Heights.



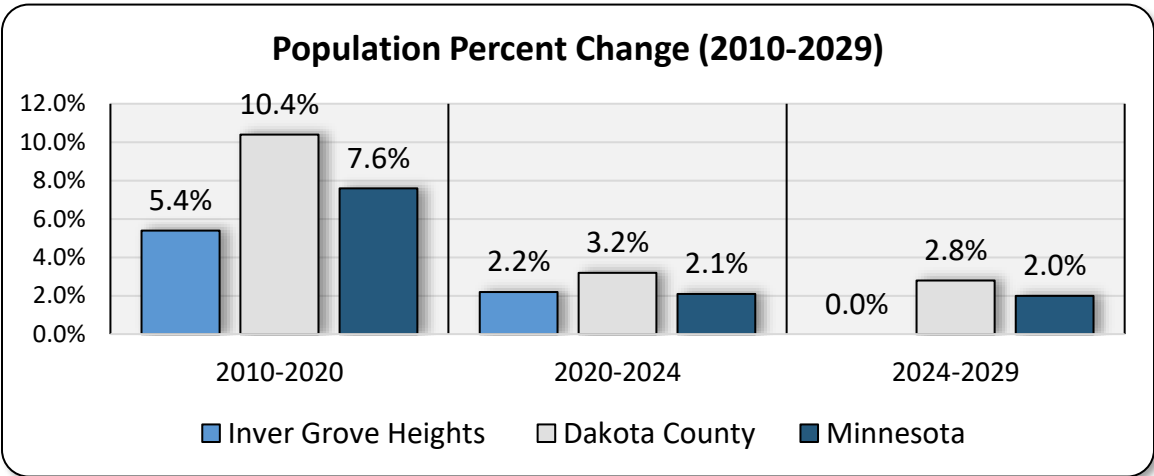
B. DEMOGRAPHIC ANALYSIS

This section of the report evaluates key demographic characteristics for Inver Grove Heights. Demographic comparisons provide insights into the human composition of housing markets. It should be noted that some total numbers and percentages may not match the totals within or between tables/graphs in this section due to rounding.

The following graphs illustrate ***total population*** by year for Inver Grove Heights and the projected population changes between 2024 and 2029 for each of the study areas.



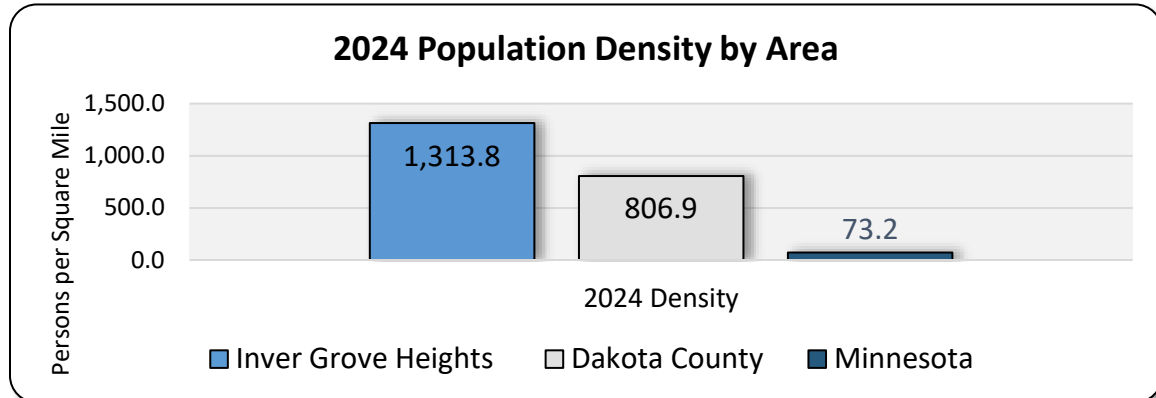
Source: 2010, 2020 Census; ESRI; Bowen National Research



Source: 2010, 2020 Census; ESRI; Bowen National Research

The population in Inver Grove Heights increased by 1,836 (5.4%) between 2010 and 2020. This represents a smaller percent increase as compared to the county (10.4%) and state (7.6%) during this time period. Between 2020 and 2024, the population in Inver Grove Heights increased by 2.2%. The population within the city is projected to remain stable over the next five years. Comparatively, the county and state are projected to increase in population by 2.8% and 2.0%, respectively, during this time period.

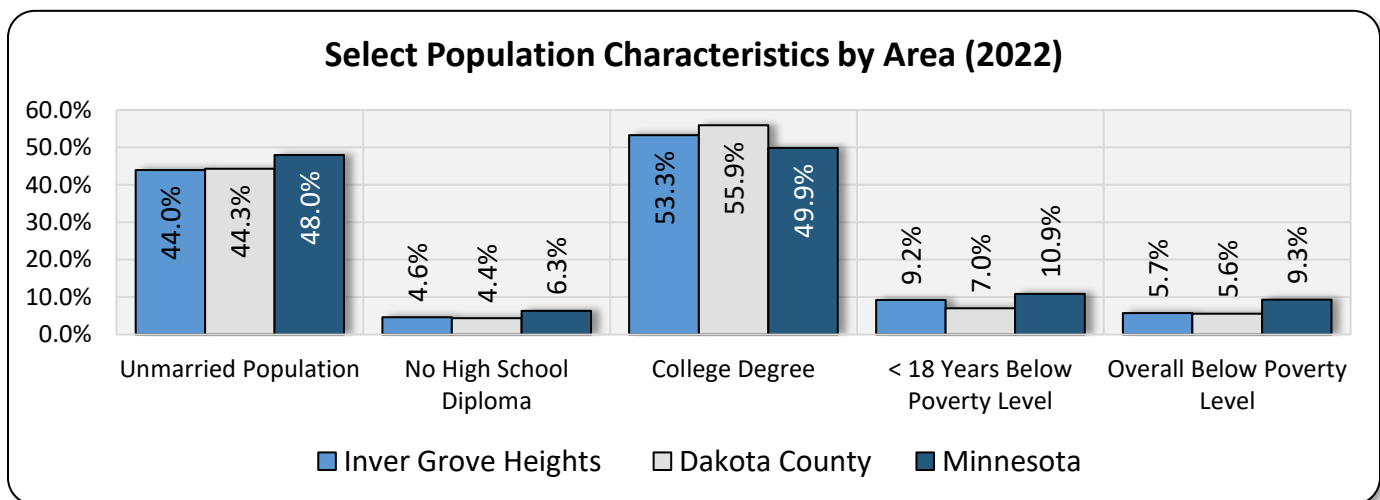
The following graph illustrates the *population density* for each study area in 2024.



Source: 2010, 2020 Census; ESRI; Bowen National Research

With a population density of 1,313.8 persons per square mile, Inver Grove Heights is significantly more densely populated than Dakota County and the state of Minnesota.

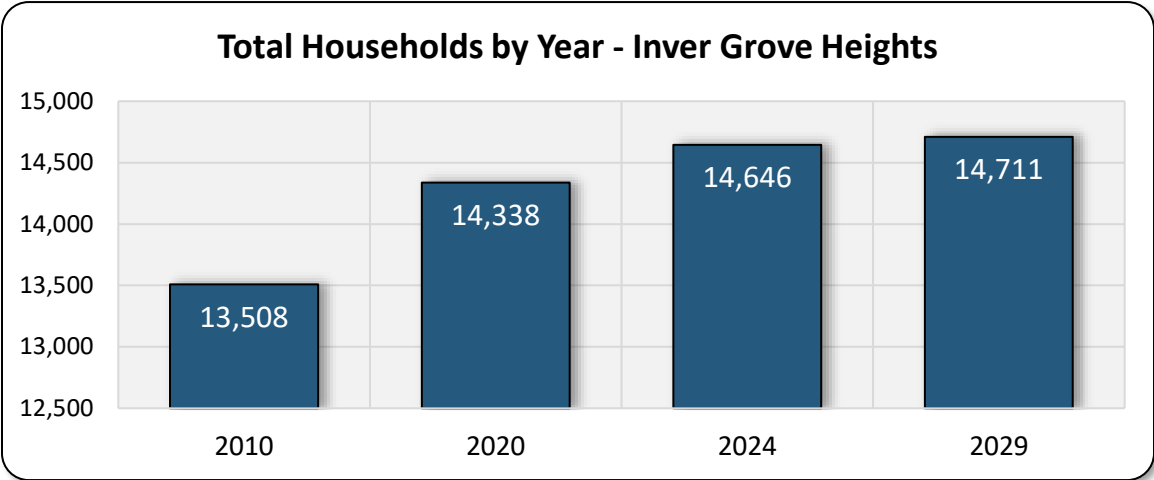
The following graph illustrates *select population characteristics* that typically influence housing affordability for each of the study areas. Note that data included within the graph is derived from the 2018-2022 American Community Survey, which is the most recent time period available for this source.



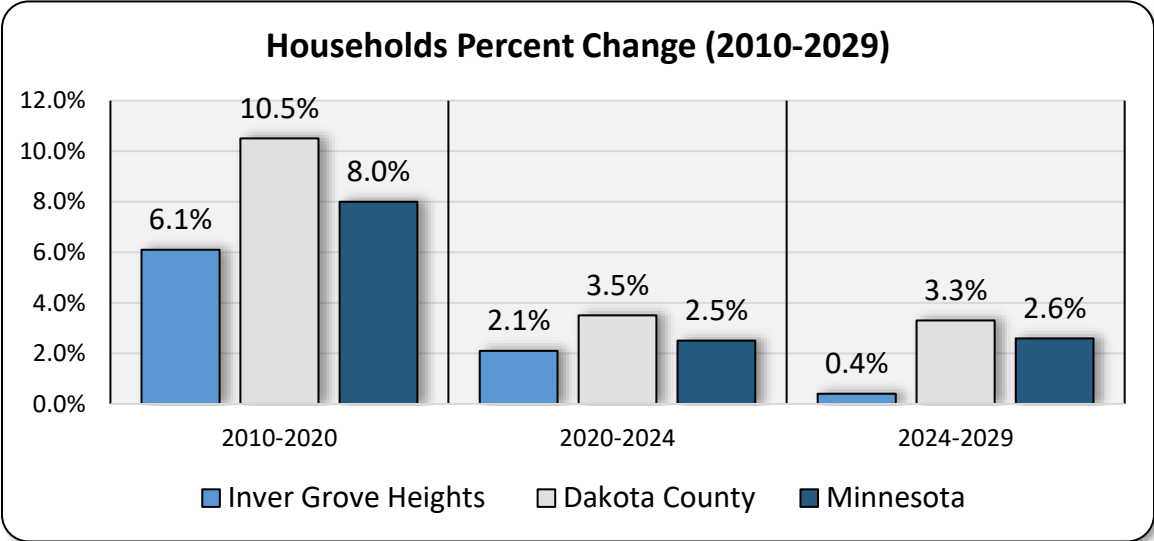
Source: 2018-2022 American Community Survey; ESRI; Bowen National Research

As the data illustrates, Inver Grove Heights has similar shares of unmarried population (44.0%), population without a high school diploma (4.6%), and individuals with a college degree (53.3%) when compared to Dakota County. The two educational attainment factors likely have a positive influence on income potential and housing affordability. Overall, Inver Grove Heights has a lower poverty rate for children less than 18 years of age (9.2%) and a much lower overall poverty rate (5.7%) when compared to the state.

The following graphs illustrate the number of *total households* in Inver Grove Heights by year and the projected percent changes in households between 2024 and 2029 for each of the study areas.



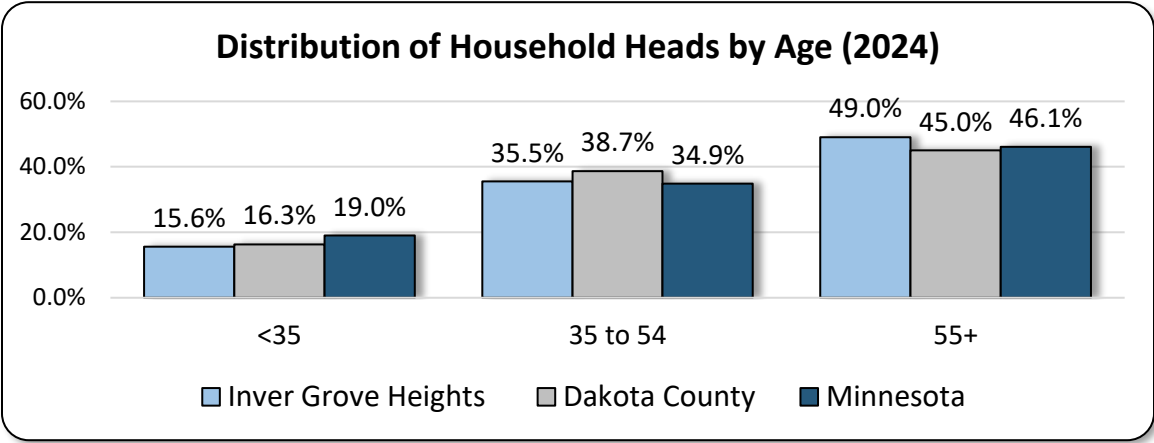
Source: 2010, 2020 Census; ESRI; Bowen National Research



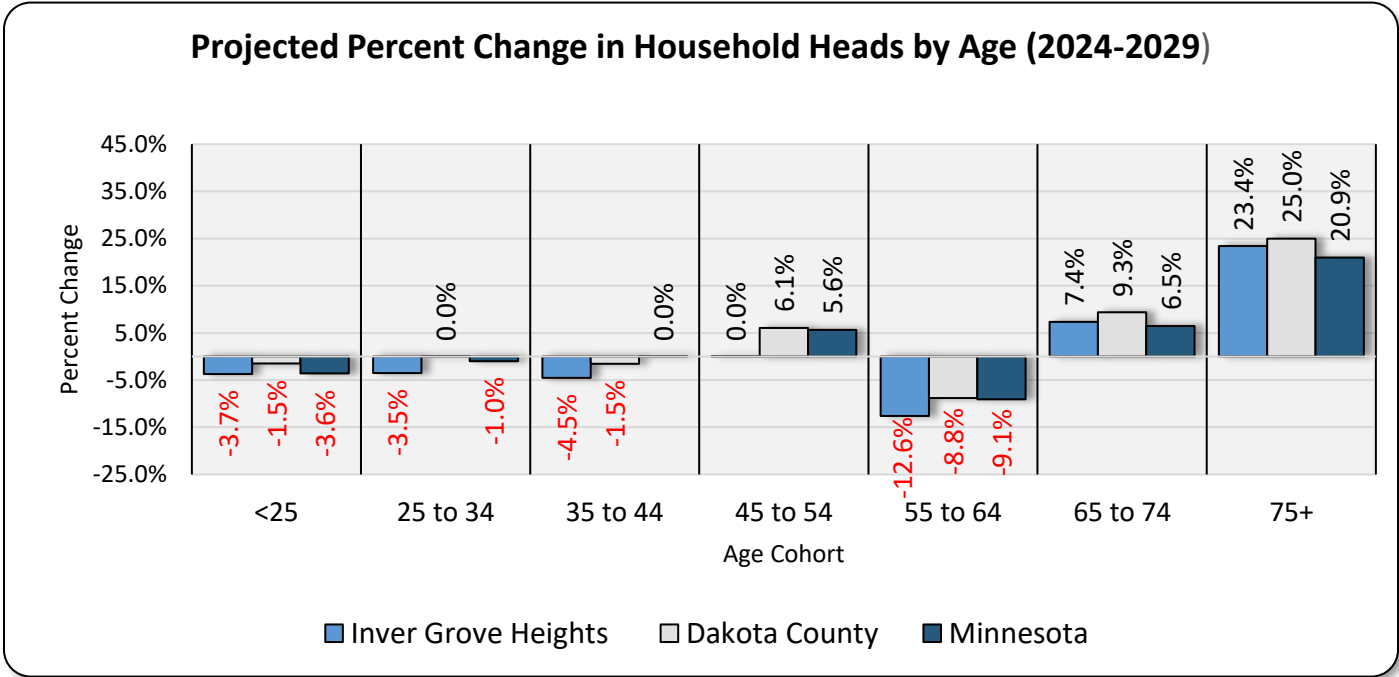
Source: 2010, 2020 Census; ESRI; Bowen National Research

The number of households in Inver Grove Heights increased by 830 (6.1%) between 2010 and 2020. This represents a smaller percent increase as compared to the county (10.5%) and state (8.0%) during this time period. Between 2020 and 2024, the number of households in Inver Grove Heights increased by 2.1% and the household base within the city is projected to increase by 0.4% over the next five years. While household growth can heavily influence the total housing needs of a market, factors such as households living in substandard or cost-burdened housing, people commuting into the area for work, pent-up demand, and availability of existing housing all affect housing needs. These factors are addressed throughout this overview.

The following graphs compare the share of *household heads by age* for each of the study areas in 2024 and the projected percent change in household heads by age cohort between 2024 and 2029.



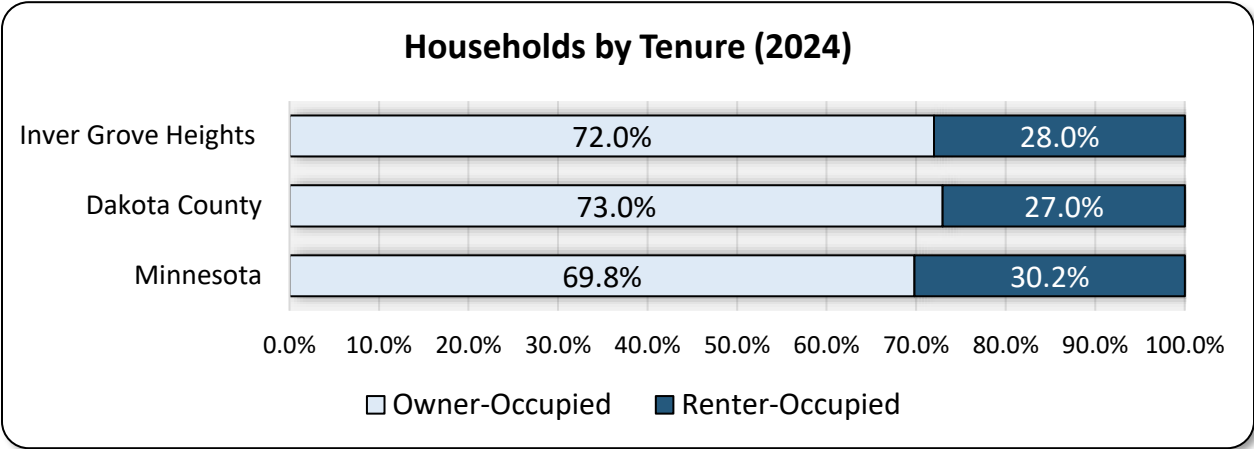
Source: ESRI; Bowen National Research



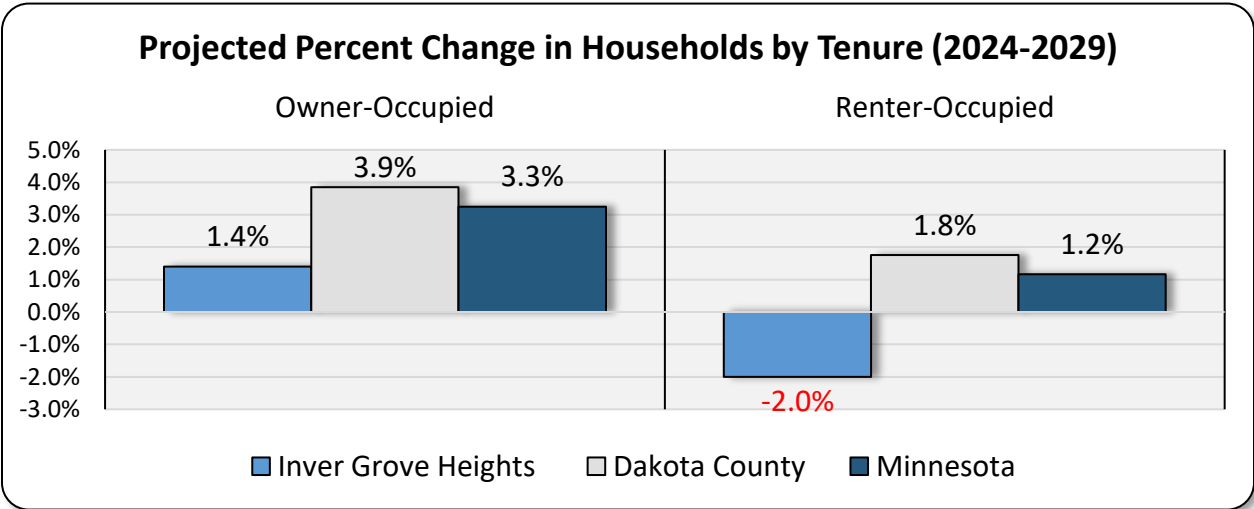
Source: ESRI; Bowen National Research

Overall, the data shows that Inver Grove Heights and Dakota County households in 2024 are more heavily concentrated among the middle-aged cohort (35 to 54 years) when compared to the state. While households aged 75 and older are projected to increase by 23.4% in Inver Grove Heights over the next five years, households between the ages of 65 and 74 (7.4%) are also expected to increase. The overall projected changes in households by age in Inver Grove Heights are broadly consistent with the projections for Dakota County and the state during this time.

The following graphs compare the share of *households by tenure* (renters and owners) for 2024 and the projected *percent change* in households by tenure between 2024 and 2029 for each of the study areas.



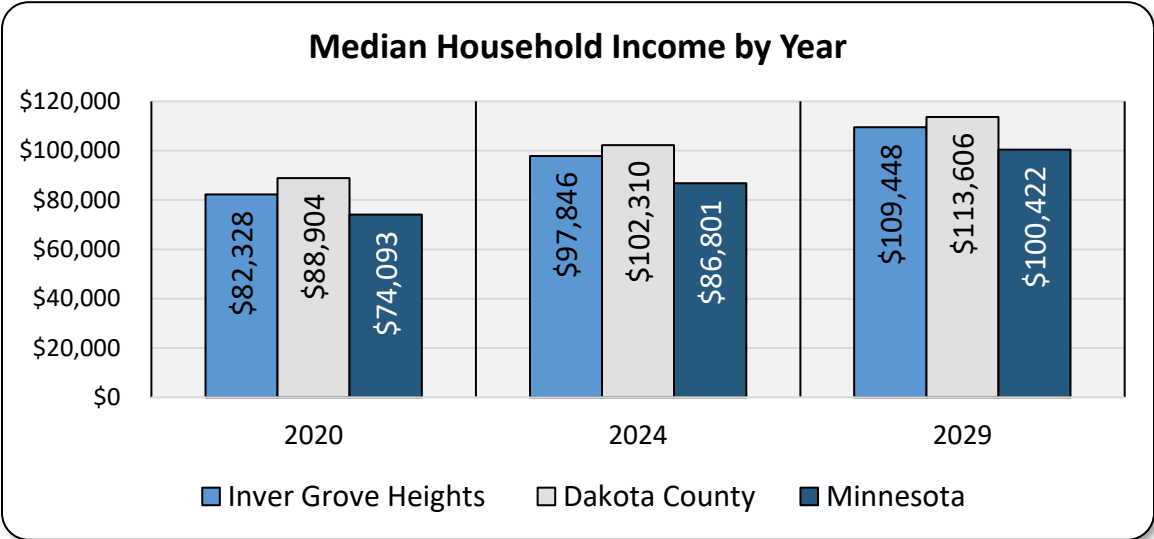
Source: 2010 Census; ESRI; Bowen National Research



Source: 2010 Census; ESRI; Bowen National Research

In 2024, the distribution of households by tenure in Inver Grove Heights (72.0% owners and 28.0% renters) is very comparable to the shares for the county, but more heavily weighted toward owners when compared to the state. Over the next five years, it is projected that the number of owner households in Inver Grove Heights will increase by 1.4%, while the number of renter households will decline by 2.0%. This is a smaller increase in owner households and a contrasting projection for renter households when compared to the county and state. However, it is important to understand that housing demand is influenced by a variety of factors, which may include existing pent-up demand, substandard housing, housing cost burden, and/or other factors. The *increase* among owner households in Inver Grove Heights will likely contribute to an increase in demand within the for-sale housing market over the next five years.

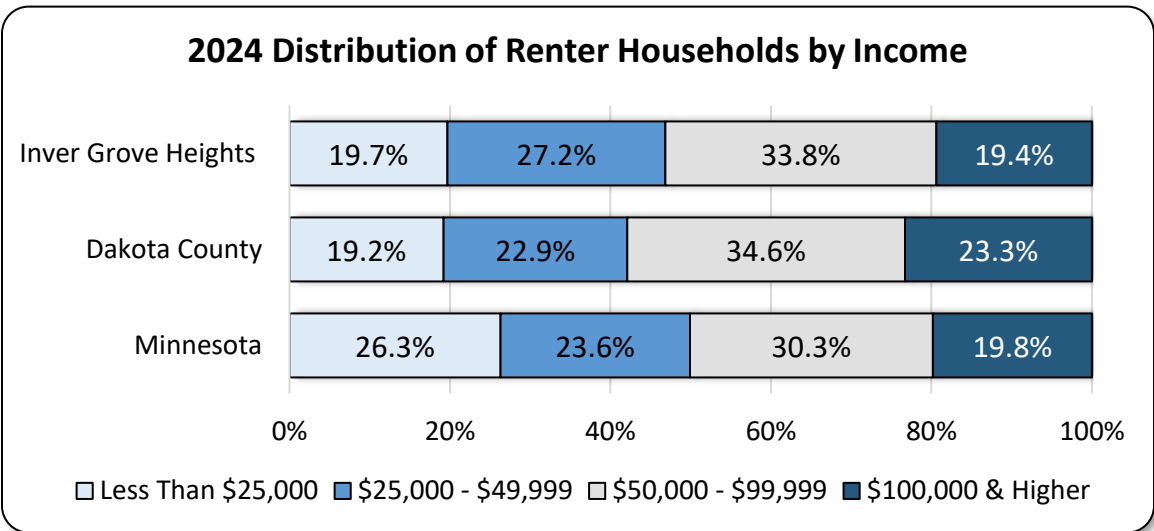
The following compares the *median household income* for each of the study areas from 2020 to 2029.



Source: 2020 Census; ESRI; Bowen National Research

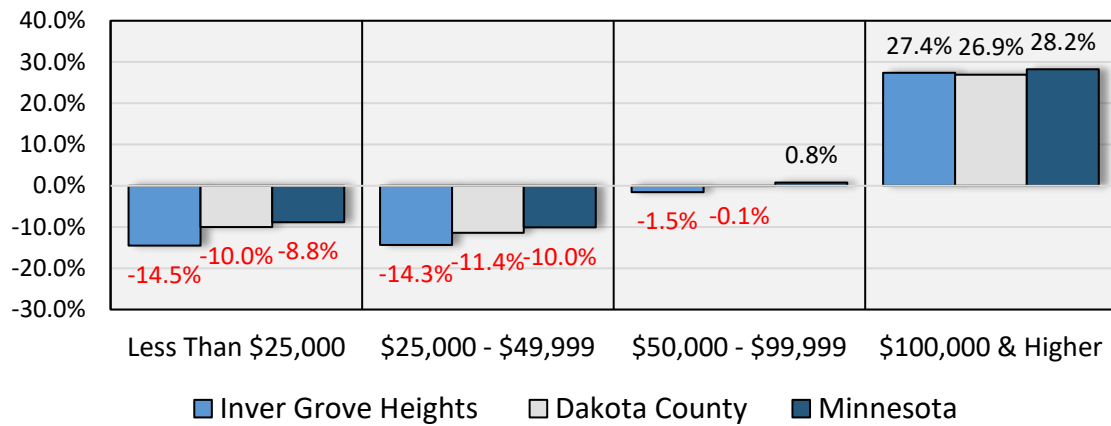
As the preceding illustrates, the 2024 median household income in Inver Grove Heights (\$97,846) is 12.7% higher than the statewide median household income but 4.4% lower than the countywide median household income. Over the next five years, it is projected that the median household income in Inver Grove Heights will increase to \$109,448, or an increase of 11.9%. As such, the median household income in Inver Grove Heights will remain well above that of the state (\$100,422), but slightly lower than the county (\$113,606).

The following graphs compare *renter households by income* for 2024 and the projected *percent* change in renter households by income between 2024 and 2029 for each of the study areas.



Source: 2020 Census; ESRI; Bowen National Research

Percent Change in Renter Households by Income (2024-2029)

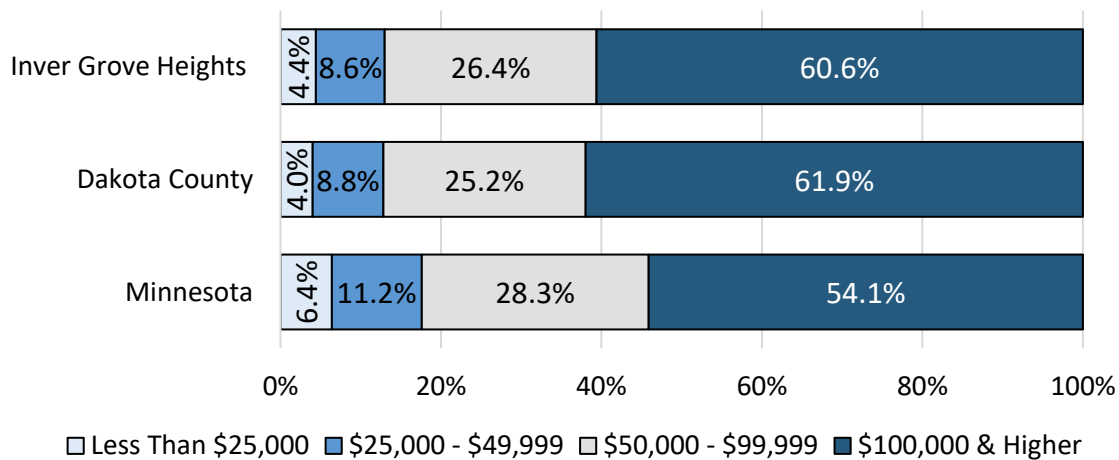


Source: 2020 Census; ESRI; Bowen National Research

In 2024, Inver Grove Heights has a larger share of renter households with incomes of \$25,000 to \$49,999 when compared to Dakota County and the state of Minnesota. Between 2024 and 2029, renter household growth in Inver Grove Heights is projected to be among households earning \$100,000 or higher (27.4%), while those earning less than \$100,000 are projected to decline in number. Despite these changes, a substantial share of renter households in Inver Grove Heights will continue to earn less than \$100,000.

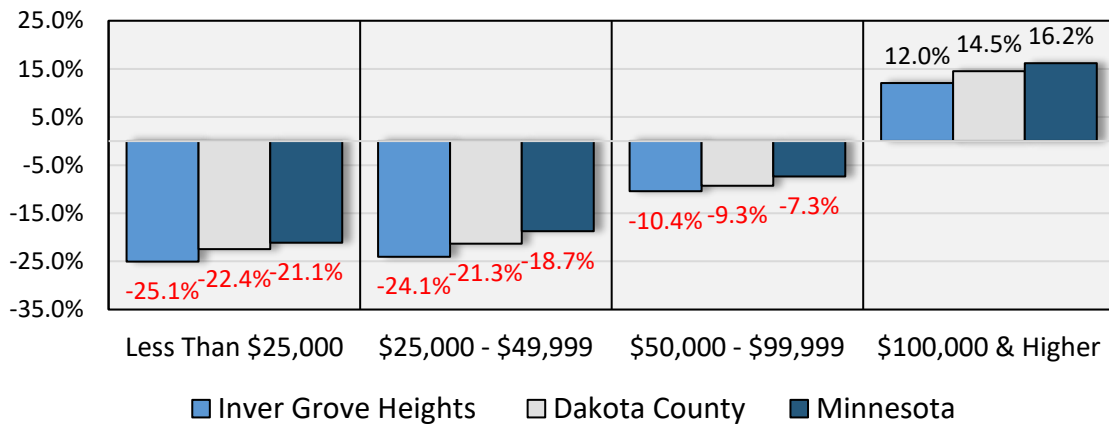
The following graphs compare *owner households by income* for 2024 and the projected *percent* change in owner households by income between 2024 and 2029 for each of the study areas.

2024 Distribution of Owner Households by Income



Source: 2020 Census; ESRI; Bowen National Research

Percent Change in Owner Households by Income (2024-2029)

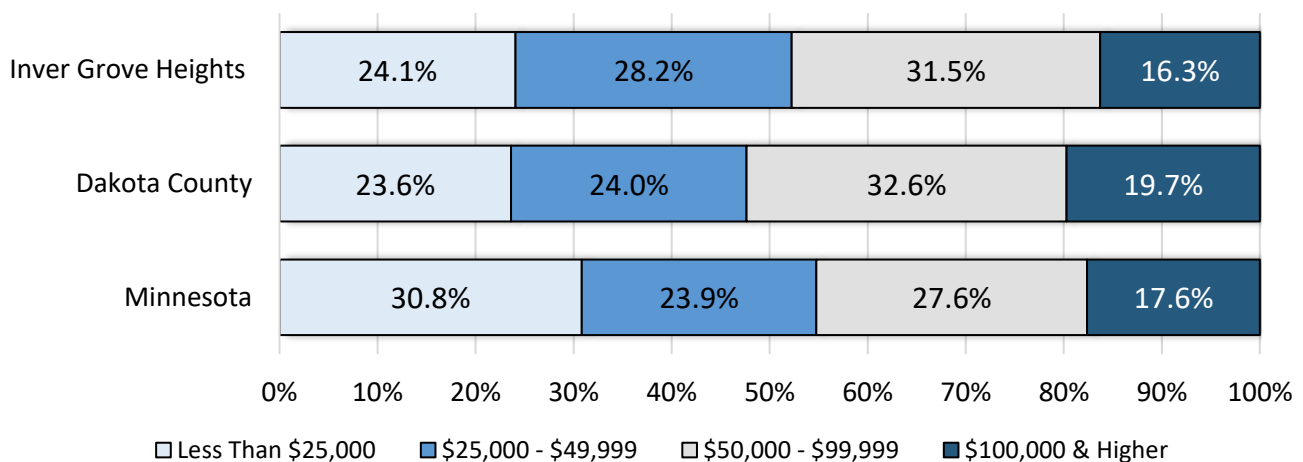


Source: 2020 Census; ESRI; Bowen National Research

In 2024, the majority (60.6%) of Inver Grove Heights owner households earn \$100,000 or more, which is a higher share compared to the state (54.1%), but lower than the county share (61.9%). Between 2024 and 2029, owner household growth is projected to be confined to households earning \$100,000 or higher (12.0%), while those earning less than \$100,000 are projected to decrease. This is consistent with county and statewide projections for this time period.

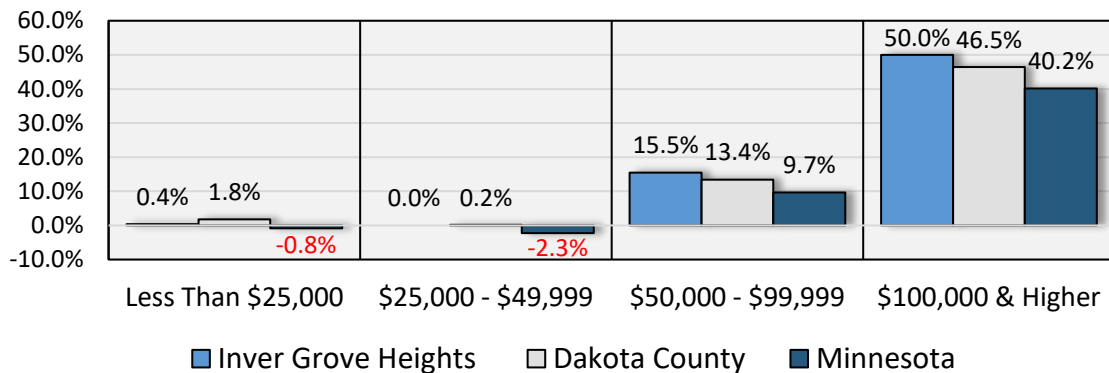
The following graphs compare *senior renter households (age 62 and older) by income* for 2024 and the projected *percent change* in senior renter households by income between 2024 and 2029 for each of the study areas.

2024 Distribution of Senior Renter Households (Age 62+) by Income



Source: 2020 Census; ESRI; Bowen National Research

Percent Change in Senior Renter Households (Age 62+) by Income (2024-2029)

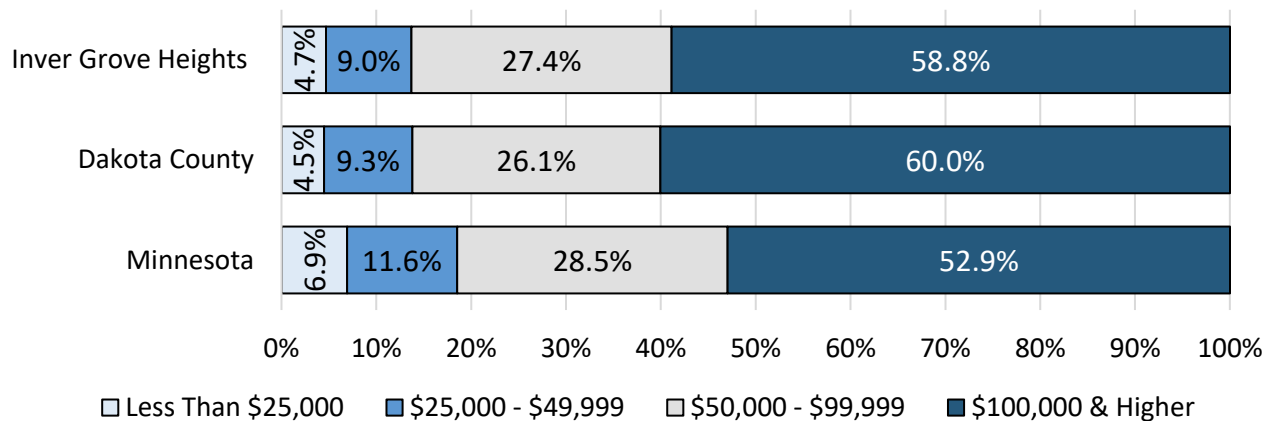


Source: 2020 Census; ESRI; Bowen National Research

In 2024, the largest share of senior *renter* households (age 62 and older) in Inver Grove Heights earn between \$50,000 and \$99,999 (31.5%), followed by those earning between \$25,000 and \$49,999 (28.2%). Over the next five years, growth among senior households in Inver Grove Heights is primarily projected to occur among households earning \$100,000 or more, which are projected to increase by 50.0% during the time period. While 15.5% growth is projected for senior households earning between \$50,000 and \$99,999, the number of senior households earning less than \$50,000 is projected to marginally increase between 2024 and 2029.

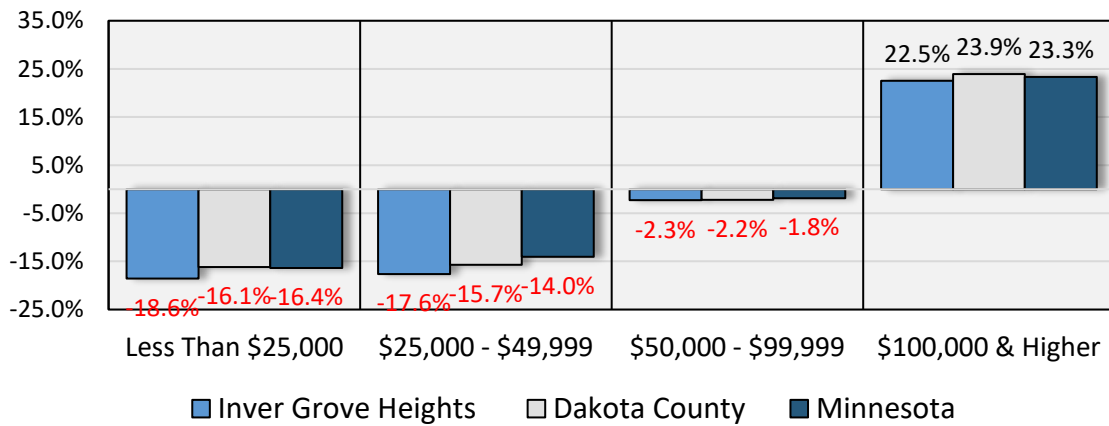
The following graphs compare *senior owner households (age 62 and older) by income* for 2024 and the projected *percent change* in senior owner households by income between 2024 and 2029 for each of the study areas.

2024 Distribution of Senior Owner Households (Age 62+) by Income



Source: 2020 Census; ESRI; Bowen National Research

Percent Change in Senior Owner Households (Age 62+) by Income (2024-2029)



Source: 2020 Census; ESRI; Bowen National Research

In 2024, the largest share of senior owner households (age 62 and older) in Inver Grove Heights earn \$100,000 or more (58.8%), followed by those earning between \$50,000 and \$99,999 (27.4%). Over the next five years, projected growth among senior owner households in Inver Grove Heights is confined to households earning \$100,000 or more, which are projected to increase by 22.5% during the time period. The projected growth among the highest income cohort and decline among the lower income cohorts in Inver Grove Heights is consistent with county and statewide projections between 2024 and 2029.

The following table illustrates the *components of population change* for Dakota County between April 2010 and July 2023. Note that components of change data is only available at the county level or higher.

Estimated Components of Population Change by County for the PSA (Dakota County) April 1, 2010 to July 1, 2023							
	Years	Population Change*	Percent Change	Natural Change	Net Domestic Migration	Net International Migration	Total Net Migration
Dakota County	2010-2020	33,225	8.3%	27,991	-1,115	6,511	5,396
	2020-2023	7,562	1.7%	5,686	-928	2,430	1,502

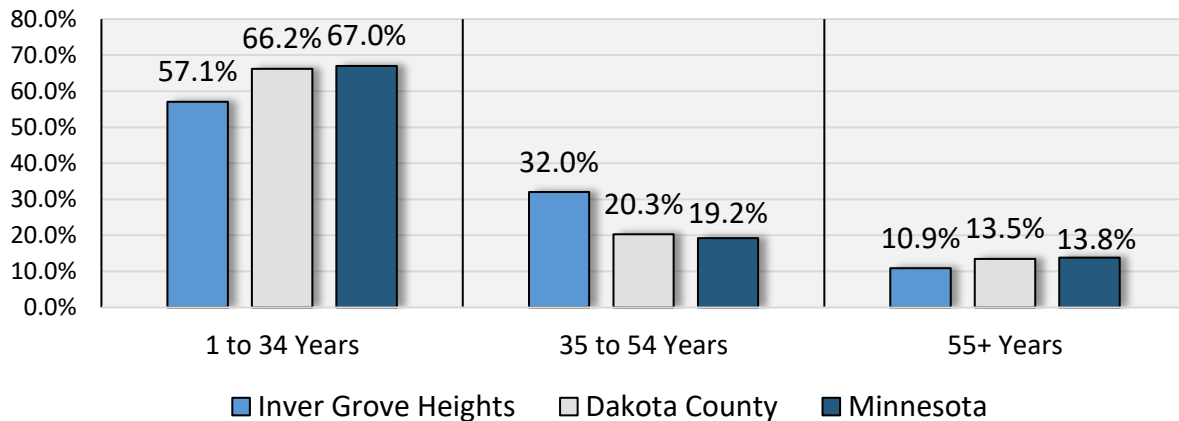
Source: U.S. Census Bureau, Population Division, June 2024

*Includes residuals of (-162 and 374) representing the change that cannot be attributed to any specific demographic component

Based on the preceding data, the population growth within Dakota County between 2010 and 2023 is primarily the result of natural change (more births than deaths) and noteworthy international migration. While this data is not specific to Inver Grove Heights, it is reasonable to conclude that the components of population change for Dakota County likely have a significant influence on each of the geographies located within the county.

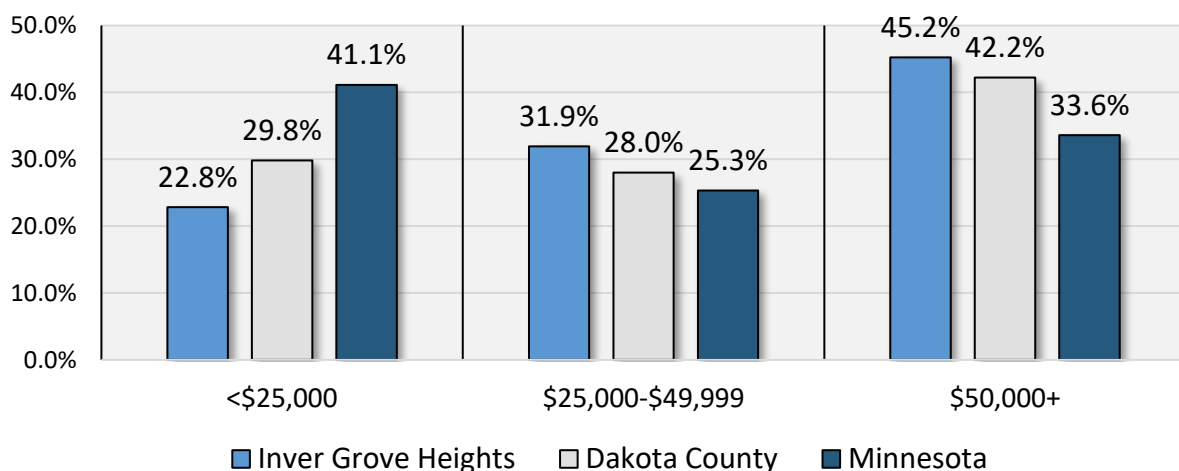
The following graphs illustrate the distribution of *in-migrants by age* and *by income* for each study area from 2018 to 2022. Note that the data illustrated in both graphs is based on *population*, not households.

Share of In-Migrants by Age (2018-2022)



Source: U.S. Census Bureau, 2022 5-Year ACS Estimates (S0701); Bowen National Research

In-Migrants by Income (2018-2022)*



Source: U.S. Census Bureau, 2022 5-Year American Community Survey (B07010); Bowen National Research

*Excludes population with no income

As the preceding data illustrates, there is a notably lower share of in-migrants less than 35 years of age (57.1%) and a higher share of in-migrants between the ages of 35 and 54 (32.0%) in Inver Grove Heights. While the distribution of in-migrants by income in Inver Grove Heights is more heavily weighted toward individuals earning \$50,000 or more, the data illustrates that notable shares of in-migrants earn less than \$25,000 (22.8%) and between \$25,000 and \$49,999 (31.9%).

C. ECONOMY AND WORKFORCE ANALYSIS

Labor Force

The following table illustrates *the employment base by industry* for Inver Grove Heights, Dakota County, and the state of Minnesota. The top five industries by share of employment for each area are highlighted in **red** text. Note that several metrics within this section are limited to *county* data and are not provided at the city level.

NAICS Group	Employment by Industry					
	Inver Grove Heights		Dakota County		Minnesota	
	Employees	Percent	Employees	Percent	Employees	Percent
Agriculture, Forestry, Fishing & Hunting	39	0.3%	387	0.2%	17,215	0.5%
Mining	0	0.0%	73	0.0%	4,549	0.1%
Utilities	8	0.1%	568	0.3%	12,777	0.4%
Construction	702	5.8%	10,298	5.0%	137,789	4.2%
Manufacturing	1,911	15.8%	22,907	11.1%	342,911	10.3%
Wholesale Trade	804	6.6%	8,221	4.0%	134,193	4.0%
Retail Trade	2,301	19.0%	27,952	13.6%	385,870	11.6%
Transportation & Warehousing	297	2.5%	8,741	4.2%	83,429	2.5%
Information	121	1.0%	9,796	4.8%	88,304	2.7%
Finance & Insurance	314	2.6%	9,626	4.7%	146,490	4.4%
Real Estate & Rental & Leasing	247	2.0%	4,877	2.4%	68,105	2.1%
Professional, Scientific & Technical Services	443	3.7%	14,887	7.2%	245,551	7.4%
Management of Companies & Enterprises	17	0.1%	87	0.0%	6,945	0.2%
Administrative, Support, Waste Management & Remediation Services	350	2.9%	5,954	2.9%	74,747	2.3%
Educational Services	976	8.1%	16,900	8.2%	259,542	7.8%
Health Care & Social Assistance	1,366	11.3%	20,621	10.0%	574,150	17.3%
Arts, Entertainment & Recreation	313	2.6%	3,924	1.9%	89,508	2.7%
Accommodation & Food Services	789	6.5%	16,542	8.0%	240,661	7.2%
Other Services (Except Public Administration)	697	5.8%	12,232	5.9%	204,837	6.2%
Public Administration	377	3.1%	10,454	5.1%	184,476	5.6%
Non-classifiable	23	0.2%	852	0.4%	17,626	0.5%
Total	12,095	100.0%	205,899	100.0%	3,319,675	100.0%

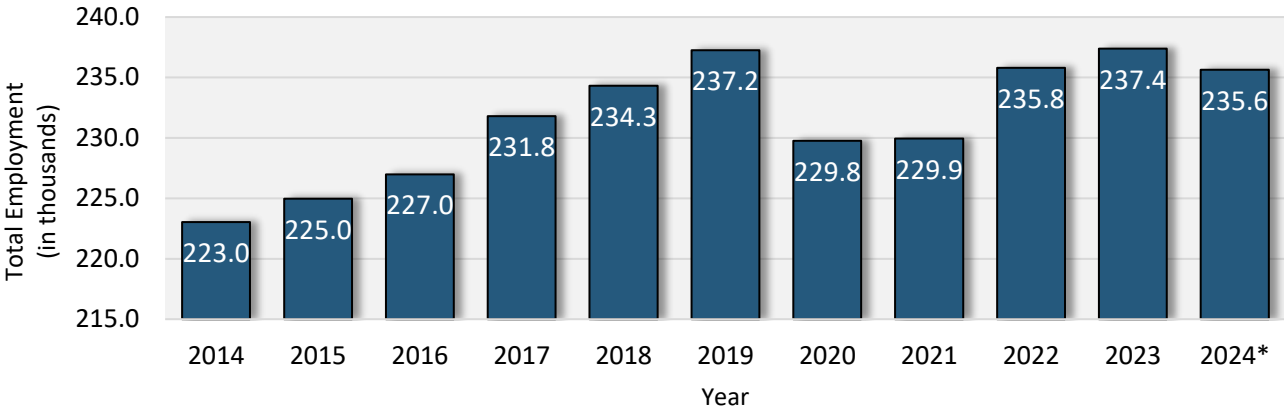
Source: 2010 Census; ESRI; Bowen National Research

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within each market. These employees, however, are included in our labor force calculations because their places of employment are located within each market.

Inver Grove Heights has an employment base of more than 12,000 individuals within a broad range of employment sectors. The labor force within the area is based primarily in five sectors: Retail Trade (19.0%), Manufacturing (15.8%), Health Care and Social Assistance (11.3%), Educational Services (8.1%), and Wholesale Trade (6.6%). Combined, the top five job sectors represent 60.8% of the city's employment base.

Total employment reflects the number of employed persons who live within an area regardless of where they work. The following illustrates the *total employment* base (in thousands) for Dakota County between 2014 and 2024.

Total Employment - Dakota County (2014-2024)



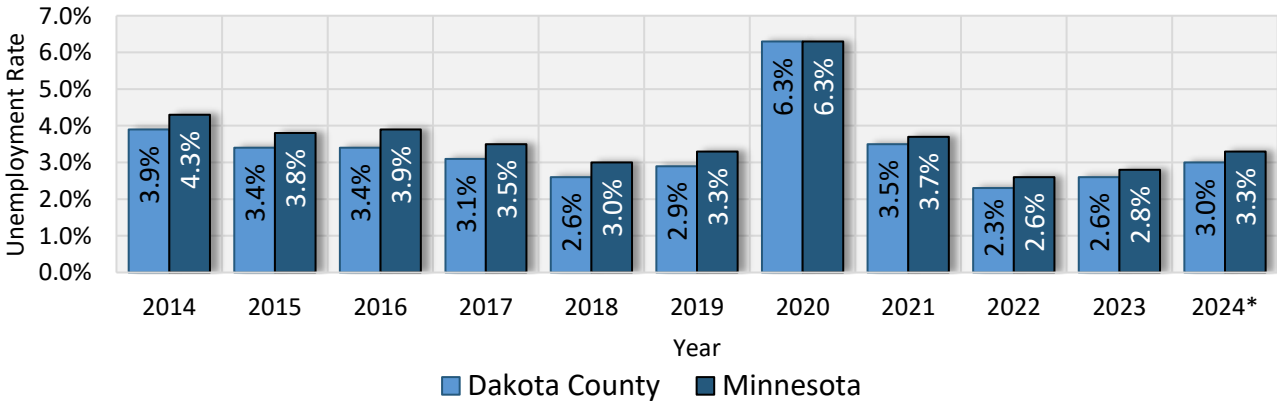
Source: Department of Labor; Bureau of Labor Statistics

*Through July

As the preceding illustrates, total employment within Dakota County steadily increased between 2014 and 2019. In 2020, total employment decreased by roughly 3.1%, which can be largely attributed to the economic impact of the COVID-19 pandemic. As of year-end 2023, total employment in Dakota County was at 100.1% of the 2019 level. It should be noted, however, that total employment decreased slightly (0.8%) during the first half of 2024.

The following illustrates the *annual unemployment rate* for Dakota County and the state of Minnesota from 2014 to 2024.

Annual Unemployment Rate (2014-2024)

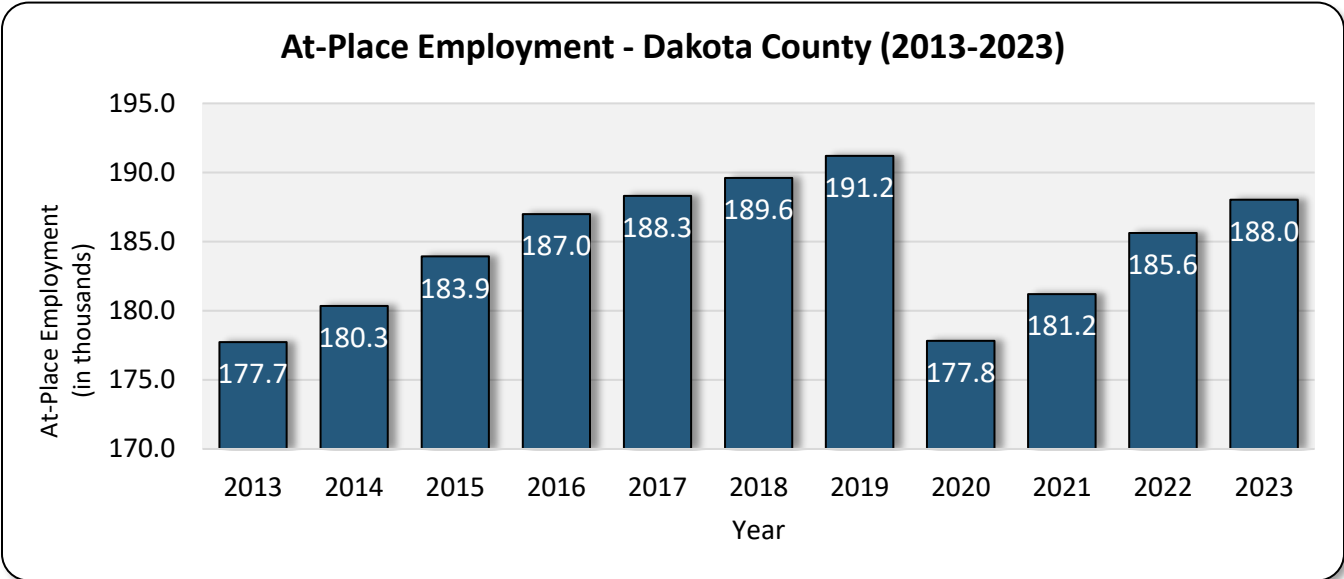


Source: Department of Labor, Bureau of Labor Statistics

*Through July

As the preceding data shows, the unemployment rate in Dakota County declined from 3.9% in 2014 to 2.9% in 2019. After the sharp increase in 2020, the unemployment rate in the county dropped to 2.3% in 2022. Although the unemployment rate increased to 2.6% in 2023, this still represents a lower rate as compared to 2019. It is also noteworthy that the unemployment rate in the county has been below the state unemployment rate in nine of the previous 10 years. The lone exception occurred during 2020, where both the county and state rates were 6.3%.

At-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total *at-place employment* base for Dakota County from 2013 to 2023.



Source: Department of Labor; Bureau of Labor Statistics

As the preceding illustrates, at-place employment within Dakota County increased each year since 2013, with the only exception occurring in 2020. Through 2023, at-place employment within the county is at 98.3% of the 2019 level. This likely indicates the county was disproportionately affected by the pandemic. Regardless, at-place employment increased by 5.8% (approximately 10,300 jobs) in Dakota County between 2013 and 2023, illustrating an overall positive economic trend for the county in the last decade.

Economic Outlook

WARN notices were reviewed in September 2024. According to the Minneapolis Employment and Economic Development website, there have been six WARN notices reported for Dakota County over the past 12 months. These WARN notices impact a total of 70 jobs within the county, none of which are located within Inver Grove Heights. Overall, the reduction in jobs associated with these notices is relatively minor given the existing employment base and recent increases in at-place employment within the county.

According to a representative with the Dakota County Community Development Agency, the Dakota County economy is steady, has opportunity for growth, and is capable of redeveloping large corporate campuses.

While no major economic development projects were identified within Inver Grove Heights at the time of research, it should be noted that over \$800 million in economic development projects has either been recently completed or is currently under construction in Dakota County. Overall, these projects have an estimated initial job creation of at least 250 new jobs within county; however, it should be noted that a number of the projects did not disclose job creation estimates. Regardless, economic and infrastructure investments within the county will likely have a positive influence on the local economy.

Commuting Data

The ability of a person or household to travel easily, quickly, safely, and affordably throughout a market influences the desirability of a housing market. In addition, the individuals commuting into a market from neighboring markets represent a potential base of support for future residential development.

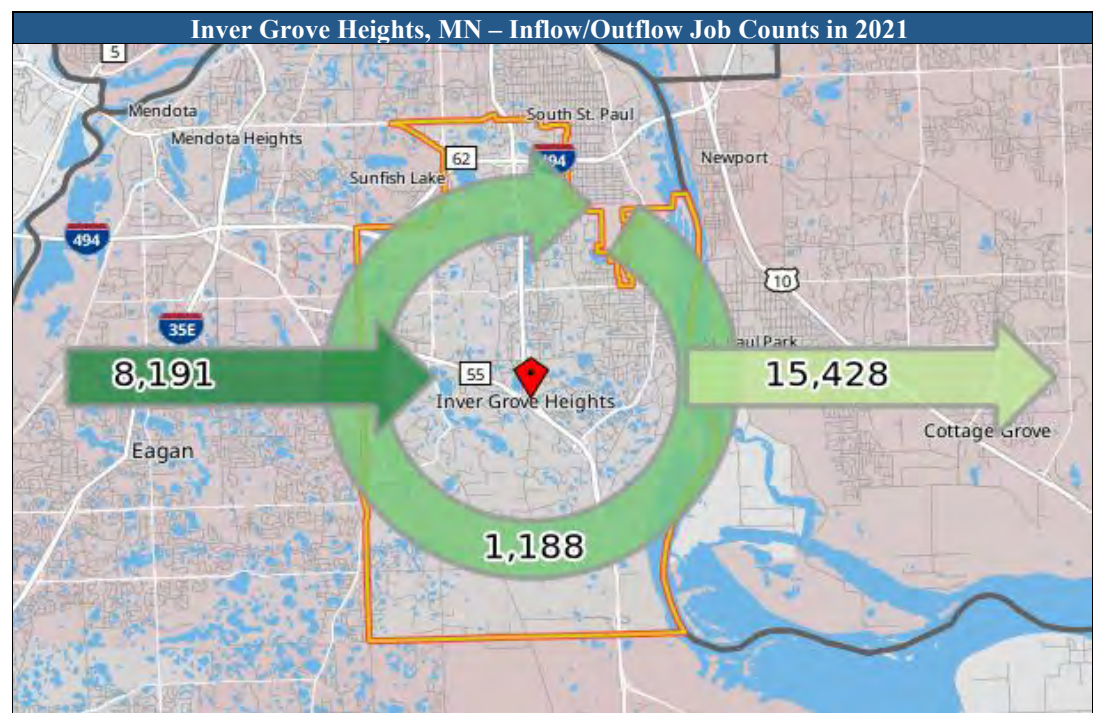
The following table summarizes two *commuting pattern attributes* (mode and time) for Inver Grove Heights.

Commuting Attributes Inver Grove Heights, Minnesota							
Mode							
	Drove Alone	Carpooled	Public Transit	Walked	Other Means	Worked at Home	Total
Number	13,317	1,088	484	304	279	3,681	19,153
Percent	69.5%	5.7%	2.5%	1.6%	1.5%	19.2%	100.0%
Time							
	Less Than 15 Minutes	15 to 29 Minutes	30 to 44 Minutes	45 to 59 Minutes	60 or More Minutes	Worked at Home	Total
Number	3,958	6,564	3,525	876	549	3,681	19,153
Percent	20.7%	34.3%	18.4%	4.6%	2.9%	19.2%	100.0%

Source: ESRI; Bowen National Research

As the preceding illustrates, 75.2% of individuals in Inver Grove Heights utilize their own vehicles or carpool to work. Overall, 55.0% of residents have commute times of less than 30 minutes to their place of employment, with an additional 19.2% working from home. While the majority of individuals in the area utilize personal vehicles and have relatively short commute times, a noteworthy share (2.5%) of residents rely on public transit as their commuting mode.

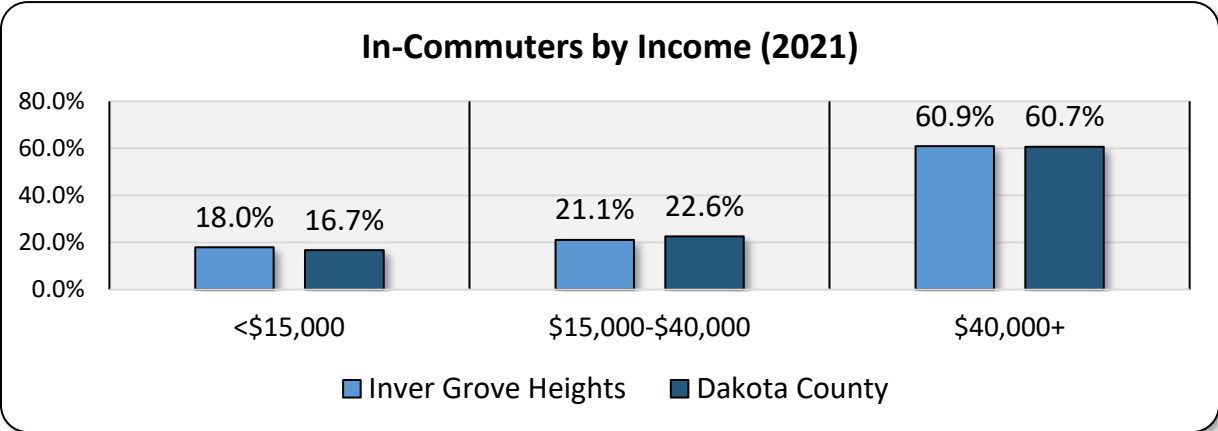
The following illustrates the overall *commuter flow* for Inver Grove Heights based on 2021 U.S. Census Longitudinal Origin-Destination Employment Statistics (LODES) data.



Source: U.S. Census, Longitudinal Origin-Destination Employment Statistics (LODES); Bowen National Research

Of the approximately 9,379 persons *employed* in Inver Grove Heights, 87.3% (8,191) originate from outside the city, while 12.7% (1,188) live within the city. Over 15,000 residents of the city commute to surrounding areas daily for employment. Regardless, the 8,191 non-residents who work in the area represent a substantial base of potential support for future residential development within Inver Grove Heights.

The following compares the distribution of *in-commuters by annual income* for Inver Grove Heights and Dakota County.

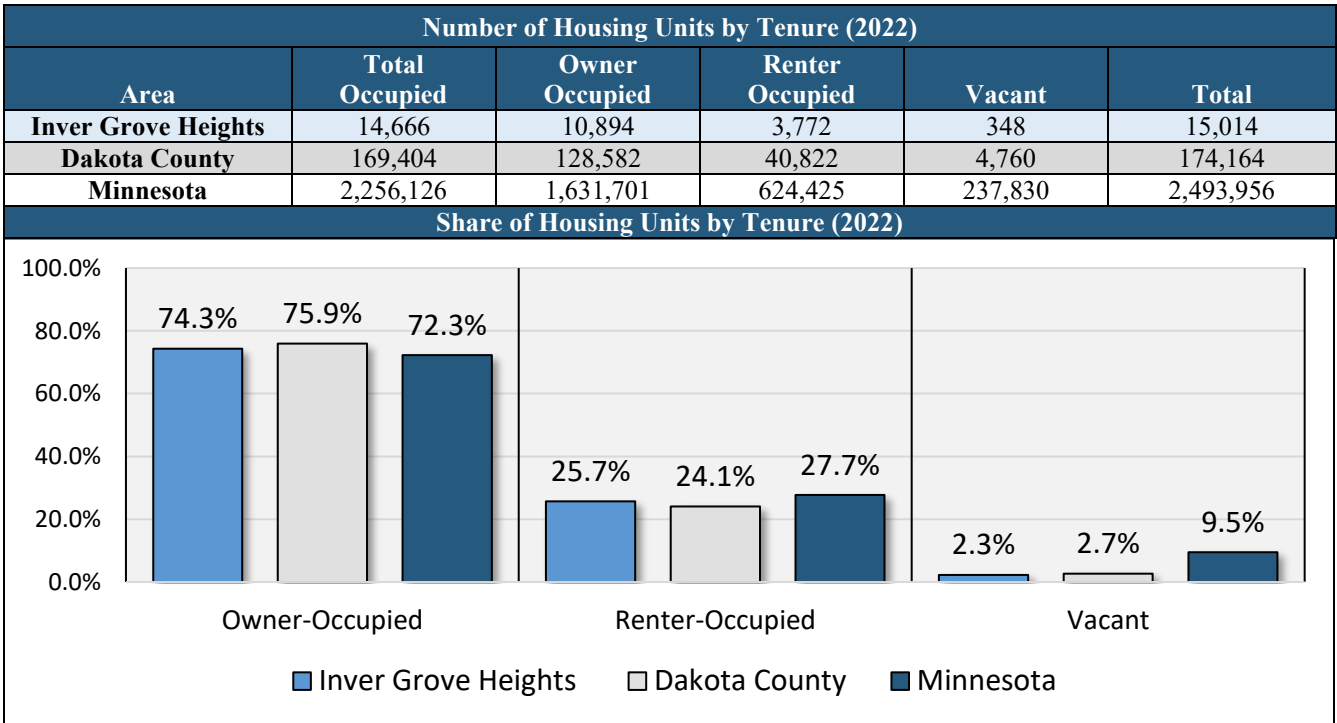


Source: U.S. Census, Longitudinal Origin-Destination Employment Statistics (LODES); Bowen National Research

The preceding shows that the largest share (60.9%) of in-commuters to Inver Grove Heights earn \$40,000 or more annually, while 21.1% earn between \$15,000 and \$40,000, and 18.0% earn less than \$15,000 annually. While the majority of in-commuters earn \$40,000 or more, the data indicates there is a slightly higher proportion of low-income in-commuters within Inver Grove Heights when compared to the county. Regardless, a variety of housing types could be developed to potentially attract some of the 8,191 in-commuters to live within Inver Grove Heights.

D. HOUSING METRICS

The estimated distribution of the area *housing stock by occupancy/tenure status* for each study area for 2022 is illustrated in the following table and graph:



Source: American Community Survey (2018-2022); ESRI; Bowen National Research

Of the 14,666 total *occupied* housing units in Inver Grove Heights, 74.3% are owner occupied and 25.7% are renter occupied. This is a similar distribution of occupied units by tenure compared to the county, but slightly more weighted toward owner-occupied housing when compared to the state. Among the 15,014 total housing units in Inver Grove Heights, only 2.3% (348 units) are classified as vacant. It should be noted that vacant units are comprised of a variety of units including abandoned properties, unoccupied rentals, for-sale homes, and seasonal housing units.

The following table compares key *housing age and conditions* based on 2018-2022 American Community Survey data. Housing units built over 50 years ago (pre-1970), overcrowded housing (1.01+ persons per room), or housing that lacks complete indoor kitchens or bathroom plumbing are illustrated by tenure. It is important to note that some occupied housing units may have more than one housing issue.

	Housing Age and Conditions (2022)											
	Pre-1970 Product				Overcrowded				Incomplete Plumbing or Kitchen			
	Renter		Owner		Renter		Owner		Renter		Owner	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Inver Grove Heights	433	11.1%	2,327	21.1%	196	5.0%	46	0.4%	0	0.0%	48	0.4%
Dakota County	7,139	17.5%	26,588	20.7%	1,859	4.6%	1,137	0.9%	975	2.4%	250	0.2%
Minnesota	244,615	35.9%	707,304	38.2%	32,202	4.7%	23,665	1.3%	15,646	2.3%	10,852	0.6%

Source: American Community Survey (2018-2022); ESRI; Bowen National Research

In Inver Grove Heights, 11.1% of the renter-occupied housing units and 21.1% of the owner-occupied housing units were built prior to 1970. These are similar to, if not lower than, the shares reported for the county and are well below the statewide shares of such units. This represents an inventory of modern housing units as compared to the state. While the share of overcrowded renter housing units (5.0%) is comparable to the county and statewide shares, the share of owner housing units with this issue (0.4%) is lower than the comparison areas. No renter-occupied housing units have incomplete plumbing or kitchens, though 0.4% of owner-occupied housing units have this issue. The share of owner-occupied housing units with incomplete plumbing or kitchens is marginally higher than the countywide share but lower than the statewide share. Overall, there are 196 renter households and 94 owner households in Inver Grove Heights living in substandard housing conditions.

The following table compares key household income, housing cost, and housing affordability metrics. It should be noted that cost burdened households pay over 30% of income toward housing costs, while severe cost burdened households pay over 50% of income toward housing.

	Household Income, Housing Costs and Affordability							
	2024 Households	2024 Median HH Income	2024 Median Home Value	2022 Median Gross Rent	2022 Share of Cost Burdened HH*		2022 Share of Severe Cost Burdened HH**	
					Renter	Owner	Renter	Owner
Inver Grove Heights	14,646	\$97,846	\$402,929	\$1,324	47.5%	17.9%	20.8%	5.6%
Dakota County	173,920	\$102,310	\$413,686	\$1,410	47.0%	17.0%	21.9%	5.7%
Minnesota	2,309,848	\$86,801	\$360,089	\$1,178	44.0%	18.2%	21.4%	6.7%

Source: American Community Survey (2018-2022); ESRI; Bowen National Research

HH – Households; *Paying more than 30% of income toward housing costs; **Paying more than 50% of income toward housing costs

The estimated median home value in Inver Grove Heights of \$402,929 is 11.9% higher than the median home value for the state, while the median gross rent of \$1,324 in the area is 12.4% higher than the state. With a median household income of \$97,846 in Inver Grove Heights, approximately 47.5% of renter households and 17.9% of owner households are housing cost burdened. As a result, there are roughly 1,792 renter

households and 1,950 owner households in Inver Grove Heights that are housing cost burdened, of which nearly 1,400 *total* households are severe cost burdened (paying more than 50% of income toward housing costs). As such, affordable housing alternatives should be an integral part of future housing solutions.

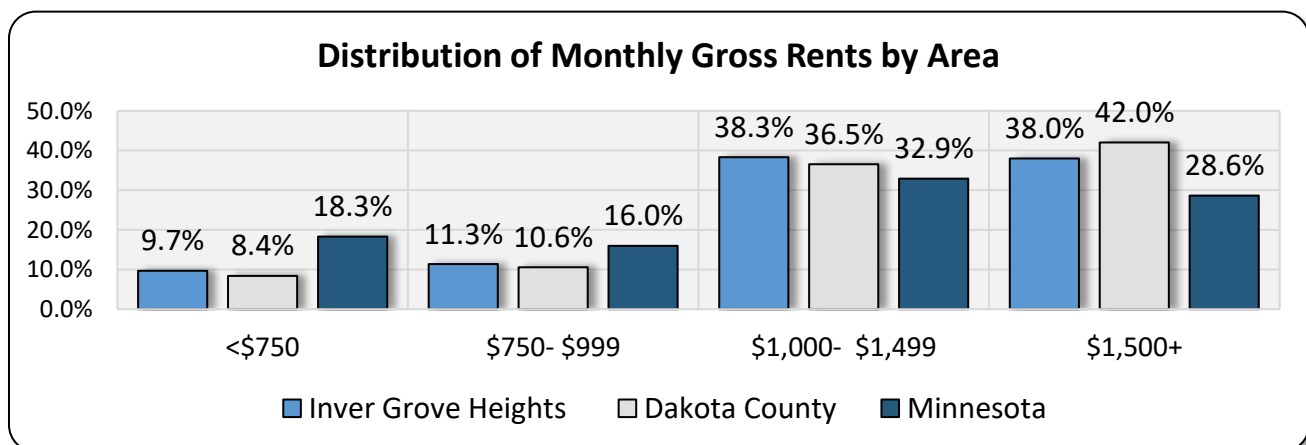
Based on the 2018-2022 American Community Survey (ACS) data, the following is a distribution of all occupied housing by *units in structure by tenure* (renter or owner) for each of the study areas.

		Renter-Occupied Housing by Units in Structure				Owner-Occupied Housing by Units in Structure			
		4 Units or Less	5 Units or More	Mobile Home/Other	Total	4 Units or Less	5 Units or More	Mobile Home/Other	Total
Inver Grove Heights	Number	1,080	2,532	160	3,772	10,162	208	524	10,894
	Percent	28.6%	67.1%	4.2%	100.0%	93.3%	1.9%	4.8%	100.0%
Dakota County	Number	13,454	26,680	688	40,822	121,696	4,459	2,426	128,582
	Percent	33.0%	65.4%	1.7%	100.0%	94.6%	3.5%	1.9%	100.0%
Minnesota	Number	239,167	374,998	10,259	624,425	1,541,044	42,914	47,744	1,631,701
	Percent	38.3%	60.1%	1.6%	100.0%	94.4%	2.6%	2.9%	100.0%

Source: American Community Survey (2018-2022); ESRI; Bowen National Research

Approximately 32.8% of the *rental* units in Inver Grove Heights are within structures of four units or less or mobile homes. Overall, Inver Grove Heights has a higher share (67.1%) of multifamily rental housing (five or more units within a structure) when compared to the county (65.4%) and state (60.1%). Among *owner*-occupied units in Inver Grove Heights, 98.1% are within structures of four units or less and mobile homes.

The following graph illustrates the *distribution of monthly gross rents* (per unit) for rental alternatives within each of the study areas. Note that this data includes both multifamily rentals and non-conventional rentals. However, with 32.8% of all rental units in Inver Grove Heights classified as non-conventional (four units or less within a structure and mobile homes), this data provides some insight into the overall distribution of rents among the non-conventional rental supply. Note that gross rents include tenant-paid rents and tenant-paid utilities.



Source: American Community Survey (2018-2022); ESRI; Bowen National Research

*Excludes rentals classified as “No Cash Rent”

As the preceding illustrates, the largest share (38.3%) of Inver Grove Heights rental units have rents between \$1,000 and \$1,499, followed closely by units with gross rents of \$1,500 or more (38.0%). Although less in share, 21.0% of rentals in the area have rents below \$1,000. While these distributions are very similar to Dakota County, both areas have distributions that are much more heavily concentrated among the higher gross rent cohorts compared to the state.

Bowen National Research’s Survey of Housing Supply

Multifamily Rental Housing

A field survey of multifamily rental properties was conducted as part of the Dakota County Housing Needs Assessment. The following table summarizes the surveyed ***multifamily rental supply by project type*** for Inver Grove Heights and Dakota County. Note that vacancy rates below 1% are highlighted in **red** text.

	Surveyed Multifamily Rental Housing Supply by Area						
	Dakota County, MN						
	Projects Surveyed	Total Units	Vacant Units	Overall Vacancy Rate	Vacancy Rate by Program Type		
					Market- Rate	Tax Credit	Government Subsidized
Inver Grove Heights	16	1,994	33	1.7%	2.1%	0.0%	0.0%
Dakota County	229	27,211	1,161	4.3%	4.8%	2.3%	0.0%

Source: Bowen National Research

In Inver Grove Heights, a total of 16 apartment properties were surveyed, comprising a total of 1,994 units. Overall, the multifamily units are 98.3% occupied, with a total of 33 vacancies. Typically, in a well-balanced and healthy market, multifamily rentals should have an overall occupancy rate between 94% and 96%. While Dakota County as a whole has a healthy overall occupancy rate of 95.7%, the occupancy rate within Inver Grove Heights is considered high. The occupancy rates among the various program types are high and the presence of wait lists, particularly among the Tax Credit product, are evidence of pent-up demand for multifamily rentals for a variety of income levels within Inver Grove Heights. This likely represents a future development opportunity within the area.

The following table illustrates the *median rent by bedroom/bathroom type* for the surveyed *market-rate* and *Tax Credit* units in Inver Grove Heights and Dakota County.

Median Rents by Program Type and Bedroom/Bathroom Type				
Area	One-Br/ 1.0-Ba	Two-Br/ 1.0-Ba	Two-Br/ 2.0-Ba	Three-Br/ 2.0-Ba
Market-Rate				
Inver Grove Heights	\$1,300	\$1,500	\$1,799	\$1,735
Dakota County	\$1,385	\$1,585	\$1,785	\$2,177
Tax Credit				
Inver Grove Heights	\$504	\$746	\$1,565	\$1,540
Dakota County	\$765	\$920	\$1,555	\$1,604

Source: Bowen National Research

As the preceding illustrates, the median rent for the typical one-bedroom market-rate unit in Inver Grove Heights (\$1,300) is more than double the rent for a comparable Tax Credit unit (\$504) in the area. The median rents for most market-rate units in Inver Grove Heights are lower than the corresponding rents in Dakota County. Similarly, most of the median rents for the Tax Credit units in Inver Grove Heights are also lower than the Tax Credit units in Dakota County. Regardless of program type, the median rents generally increase for each subsequently larger unit configuration for both study areas. With limited availability among Tax Credit and government-subsidized units in both Inver Grove Heights and Dakota County, many low-income households are likely to seek rental alternatives among the available market-rate and non-conventional supply. This can result in a higher share of cost burdened households in an area, or in some instances, may cause households to relocate outside of an area to find more affordable housing choices.

Non-Conventional Rental Housing

Non-conventional rentals are considered rental units typically consisting of single-family homes, duplexes, units over store fronts, and mobile homes and account for 32.8% of the total rental units in Inver Grove Heights.

During August and September 2024, Bowen National Research conducted an online survey and identified six non-conventional rentals that were listed as *available* for rent in Inver Grove Heights. While these rentals do not represent all non-conventional rentals, they are representative of common characteristics of the various non-conventional rental alternatives available in the market. As a result, these rentals provide a good baseline to compare the rental rates and the number of bedrooms of non-conventional rentals in the area.

The following table illustrates the vacancy rates, which compares the number of identified *vacant* non-conventional rentals to the *total number* of non-conventional rentals based on the American Community Survey, for the subject city and Dakota County.

Surveyed Non-Conventional Rentals Overview			
Area	Non-Conventional Rentals*	Identified Vacant Units	Vacancy Rate
Inver Grove Heights	1,240	6	0.5%
Dakota County	14,142	83	0.6%

Source: American Community Survey (2018-2022); ESRI; Bowen National Research

*ACS reported number of rental units within structures of four units or less and mobile homes

With a total of six available units identified, Inver Grove Heights has an overall vacancy rate of just 0.5% for non-conventional rentals, which is slightly lower than the vacancy rate for the entirety of Dakota County. This is well below the optimal range of 4% to 6% for non-conventional rentals and indicates a significant lack of available non-conventional supply in the area.

A summary of the available *non-conventional rental* units in Inver Grove Heights and Dakota County, which includes bedroom type, rent range, and median rent per square foot, follows:

Available Surveyed Non-Conventional Rental Supply				
Bedroom	Vacant Units	Rent Range	Median Rent	Median Rent Per Square Foot
Inver Grove Heights				
Two-Bedroom	1	\$2,585	\$2,585	\$3.07
Three-Bedroom	3	\$2,149 - \$3,030	\$2,995	\$1.87
Four-Bedroom	2	\$2,500 - \$3,695	\$3,098	\$1.65
Total	6			
Dakota County				
One-Bedroom	2	\$1,050 - \$1,300	\$1,175	\$1.60
Two-Bedroom	18	\$910 - \$2,585	\$1,750	\$1.39
Three-Bedroom	44	\$1,825 - \$3,750	\$2,500	\$1.40
Four-Bedroom	19	\$2,000 - \$3,945	\$2,600	\$1.25
Total	83			

Source: Zillow, Rent.com, Homes.com

Among the available non-conventional rentals in Inver Grove Heights, the largest share (50.0%) by bedroom type consists of three-bedroom units. The three-bedroom units have a median rent of \$2,995 (\$1.87 per square foot) and an overall rent range of \$2,149 to \$3,030. When typical utility costs (\$300 or more) are considered, the typical three-bedroom non-conventional rental in Inver Grove Heights has a gross rent of nearly \$3,300. This is a substantially higher rent as compared to the rent for the comparable multifamily market-rate unit in the city, which has a median collected rent of \$1,735. As such, it is unlikely that low-income households would be able to afford the typical non-conventional rental in the area, even if such a unit were readily available.

For-Sale Housing

The following table summarizes the *available* (as of July 31, 2024) and *recently sold* (between January 2020 and July 2024) for-sale housing stock for Inver Grove Heights and Dakota County.

Inver Grove Heights - Owner For-Sale/Sold Housing Supply		
Type	Homes	Median Price
Inver Grove Heights		
Available*	37	\$340,000
Sold**	1,456	\$380,000
Dakota County		
Available*	579	\$395,000
Sold**	23,271	\$380,000

Source: Redfin.com & Bowen National Research

*As of July 31, 2024

**Sales from January 1, 2020 to July 31, 2024

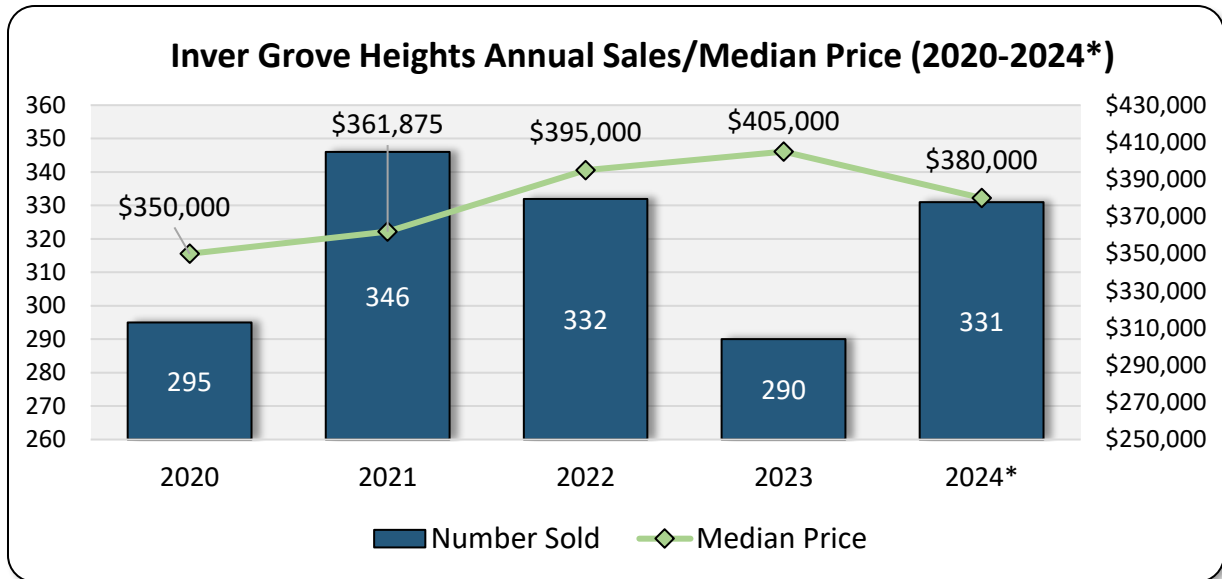
The available for-sale housing stock in Inver Grove Heights as of July 31, 2024 consists of 37 total units with a median list price of \$340,000. This represents a lower median list price compared to the available for-sale homes in Dakota County (\$395,000). Historical sales from January 2020 to July 2024 in Inver Grove Heights consisted of 1,456 homes with a median sales price of \$380,000, which is identical to that reported for Dakota County during this same time period.

The following table and graph summarize ***historical sales volume*** and ***median sales price*** by year from January 2020 through July 2024.

Sales History/Median Sales Price by Year – Inver Grove Heights (January 1, 2020 to July 31, 2024)				
Year	Number Sold	Percent Change	Median Sales Price	Percent Change
2020	295	-	\$350,000	-
2021	346	17.3%	\$361,875	3.4%
2022	332	-4.0%	\$395,000	9.2%
2023	290	-12.7%	\$405,000	2.5%
2024*	193 (331)	(14.1%)	\$380,000	-6.2%

Source: Redfin.com & Bowen National Research

*As of July 31, 2024; Volume projected through the remainder of 2024 (in parenthesis)



*2024 full year volume projection

As the preceding illustrates, home sales in Inver Grove Heights increased by 17.3% between 2020 and 2021. While sales volume decreased in both 2022 and 2023, projections indicate that sales volume will increase 14.1% in 2024. It should be noted that the current year's projection is based solely on transactions year-to-date, which may not account for seasonality in the market that can influence the projection. While volume decreased annually in recent years, the median sales price of homes sold in the city steadily increased. Collectively, the median sales price of homes sold in Inver Grove Heights increased by 15.7% between January 2020 and 2023. However, it is noteworthy that the median sales price through July 2024 is 6.2% lower than that reported for 2023.

The following table provides various housing market metrics for the available for-sale homes in Inver Grove Heights and Dakota County as of July 31, 2024.

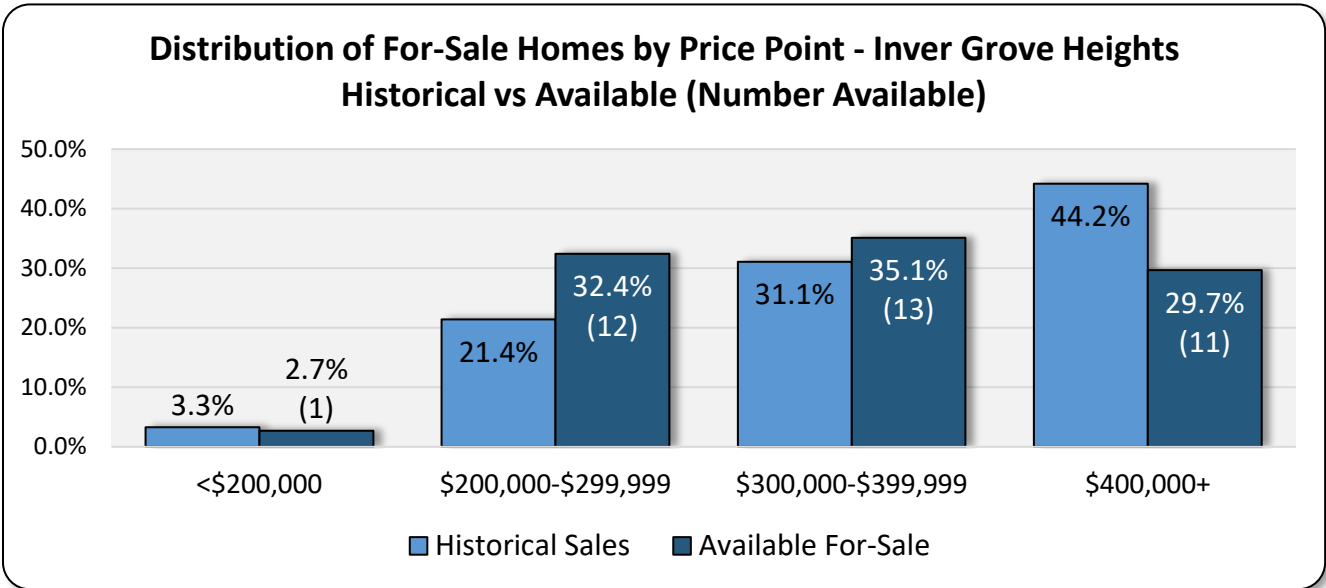
Available For-Sale Housing (As of July 31, 2024)								
Area	Total Available Units	Share of County	Availability Rate	Months Supply of Inventory	Average List Price	Median List Price	Average Days on Market	Average Year Built
Inver Grove Heights	37	6.4%	0.3%	1.4	\$434,633	\$340,000	31	1994
Dakota County	579	100.0%	0.5%	1.4	\$447,241	\$395,000	43	1992

Source: Redfin.com & Bowen National Research

The 37 available for-sale homes in Inver Grove Heights represent 6.4% of the available for-sale homes in Dakota County. These homes equate to an availability rate of 0.3% when compared to the 10,894 owner-occupied units in the city. Based on recent sales history, this inventory represents 1.4 *Months Supply of Inventory* (MSI). Typically, in healthy, well-balanced markets, approximately 2% to 3% of the for-sale housing stock should be available for purchase and there should be between four and six months of available inventory to allow for inner-market mobility and household

growth. The available for-sale homes have an average number of days on market of 31 days and an average year built of 1994. Overall, the data illustrates that there is limited availability of for-sale homes and a short average number of days on market.

The following graph compares the distribution of *historical* and *available* for-sale residential units by *price point* for Inver Grove Heights:



Source: Redfin.com & Bowen National Research

As the preceding illustrates, the share of *available* for-sale homes priced under \$200,000 (2.7%) is lower than the corresponding share of recent *historical* sales (3.3%). Further, there is only one *available* for-sale home in Inver Grove Heights priced below \$200,000 compared to the considerably larger number of homes available within the higher price ranges of \$200,000 and higher. The general lack of lower priced (under \$200,000) for-sale inventory likely creates affordability issues for much of the area workforce and first-time homebuyers, which may limit the ability of the area to attract new households.

Senior Care Housing

As part of the Dakota County Housing Needs Assessment, senior care facilities within the county were surveyed. The facilities that were evaluated include three levels of care that typically respond to older adults seeking, or who need, alternatives to their current living environment. This includes independent living, assisted living and nursing care. The following table summarizes the surveyed facilities by property type for Inver Grove Heights and the entirety of Dakota County.

Surveyed Senior Care Facilities						
Project Type	Projects	Marketed Beds/Units	Vacant	Occupancy Rate	National Median Occupancy Rate	Base Monthly Rates
Inver Grove Heights						
Independent Living	2	202	0	100.0%	86.8%	\$2,089-\$3,830
Assisted Living	2	162	11	93.2%	85.4%	\$3,515-\$6,300
Nursing Homes	2	125	10	92.0%	82.0%	\$7,800-\$14,162
Total	6	489	21	95.7%	-	\$2,089-\$14,162
Dakota County						
Independent Living	21	1,355	56	95.9%	86.8%	\$775-\$4,742
Assisted Living	32	1,975	115	94.2%	85.4%	\$1,506-\$12,100
Nursing Homes	7	616	113	81.7%	82.0%	\$6,894-\$21,292
Total	60	3,946	284	92.8%	-	\$775-\$21,292

Source: 2023 State of Seniors Housing and Bowen National Research

Note: In some cases, daily rates were converted to monthly rates

As the preceding illustrates, a total of six senior care projects were surveyed within Inver Grove Heights. These projects have an overall occupancy rate of 95.7%, higher than that reported for the county (92.8%). The occupancy rates in Inver Grove Heights for independent living (100.0%), assisted living (93.2%), and nursing home (92.0%) facilities are well above the national medians. The high occupancy rates and projected increase in households aged 65 and older in the area suggest that there could be an increase in demand for senior care options over the next five years.

Planned & Proposed

In addition to the surveys of each housing type within this overview, Bowen National Research conducted interviews with representatives of area building and permitting departments and performed extensive online research to identify residential projects either planned for development or currently under construction within Dakota County. The following summarizes the known details for the multifamily rental housing projects that are planned, proposed, or under construction within Inver Grove Heights. Note that at the time of research, no for-sale or senior care housing projects were identified within the city.

Multifamily Rental Housing Development – Inver Grove Heights				
Project Name & Address	Type	Units	Developer	Status/ Details
Avalon Apts. and Townhomes Diffley/S. Robert Trl.	Market-Rate	244	Vincent Companies	Under Construction: 54 for-rent townhomes and 190 apartments.
TBD 6050 Cahill Ave.	Tax Credit	220	Lupe Development Partners	Proposed: Early proposal stages; has not been allocated LIHTC. 60% AMHI if approved.
TBD 6570 & 6680 S. Robert Trl. & 1401 70th St. E.	Market-Rate	524 Apartments 145 Townhomes	National Land Holdings	Proposed: Mix of one-, two-, and three-bedroom apartments and townhomes for rent.
TBD SW Corner of 70th St. W. & Argenta Trl.	Market-Rate	159	Stuart Development	Proposed: Mix of one-, two-, and three-bedroom townhomes for rent.
Yellow Tree/Peltier Reserve Apts. 70 th St. W. and Agate/Argenta Trl.	Market-Rate	242	Yellow Tree	Proposed: Mix of studio through three-bedroom units. ECD September 2026.

ECD – Estimated Completion Date

E. HOUSING GAP

Based on ESRI household projections from 2024 to 2029, which is the most up-to-date version available, and taking into consideration the housing data from our field survey of area housing alternatives, we are able to project the potential number of new housing units that are needed (housing gap) in Inver Grove Heights. The following paragraph summarizes the metrics used in our demand estimates.

We included renter and owner household growth, the number of units required for a balanced market, the need for replacement of substandard housing, commuter/external market support, severe cost-burdened households, and step-down support as the demand components in our estimates for new rental and for-sale housing units. As part of this analysis, we accounted for vacancies reported among both renter- and owner-occupied housing alternatives, considered applicable units in the development pipeline, and concluded this analysis by providing the number of units that are needed by different income segments, rent levels, and purchase price points.

Inver Grove Heights has an overall five-year housing gap of 1,817 units, with a gap of 475 rental units and a gap of 1,342 for-sale units. The following table summarizes the rental and for-sale housing gaps by income and affordability levels for Inver Grove Heights.

	Inver Grove Heights Housing Gap Estimates					
Percent AMHI*	≤30%	31%-60%	61%-80%	81%-115%	116%+	Total Housing Gap
Household Income	≤ \$37,260	\$37,261-\$74,520	\$74,521-\$99,360	\$99,361-\$142,830	\$142,831+	
Rent Range	≤ \$931	\$932-\$1,863	\$1,864-\$2,484	\$2,485-\$3,570	\$3,571+	
Price Range	≤ \$124,200	\$124,201-\$248,400	\$248,401-\$331,200	\$331,201-\$476,100	\$476,101+	
Five-Year Estimates (2024-2029)						
Rental Housing Gap	174	155	33	39	74	475
For-Sale Housing Gap	0	98	250	759	235	1,342
10-Year Estimates (2024-2034)						
Rental Housing Gap	348	310	188	200	148	1,194
For-Sale Housing Gap	0	196	500	1,518	470	2,684

Source: Bowen National Research

AMHI – Area Median Household Income

*Based on HUD limits for Inver Grove Heights (4-person limit)

As the preceding table illustrates, the projected housing gaps encompass a variety of affordability levels for both rental and for-sale housing product. It appears housing gaps are similar for rental product within each pricing segment up to 60% of AMHI as housing gaps range from 155 units to 174 units within these segments. This demonstrates an ongoing need for rental product of various price points. Note that while the preceding indicates there is a nominal housing gap for rental product between 61% and 115% of AMHI, this is due to the amount of product currently in the development pipeline within this segment which is anticipated to meet some of the need for such product within the five-year projection period. The greatest *for-sale* housing gap in the city is for product serving households earning between 81% and 115% of AMHI. Although development within Inver Grove Heights should be prioritized to the housing product showing the greatest gaps, it appears efforts to

address housing should consider most rents and price points across the housing spectrum. The addition of a variety of housing product types and affordability levels would enhance the subject market's ability to attract potential workers and help meet the changing and growing housing needs of the local market.

F. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

A SWOT analysis often serves as the framework to evaluate an area's competitive position and to develop strategic planning. It considers internal and external factors, as well as current and future potential. Ultimately, such an analysis is intended to identify core strengths, weaknesses, opportunities, and threats that can lead to strategies that can be developed and implemented to address local housing issues.

The following is a summary of key findings from this SWOT analysis for Inver Grove Heights.

SWOT Analysis	
Strengths	Weaknesses
- Household growth of 8.4% (2010-2024) - Positive household income growth projections - Relatively new overall housing stock with limited housing condition issues - Overall housing costs are generally lower than those countywide	- Lack of availability (0.0% vacancy rates) among Tax Credit and subsidized multifamily apartments - Low availability rates for non-conventional rentals and for-sale housing - Projected 2.0% decline in renter households (2024-2029) - Household growth projections concentrated among higher income (\$100,000+) households (owner and renter)
Opportunities	Threats
- Housing need of 475 rental units - Housing need of 1,342 for-sale units - Attract some of the 8,000+ commuters coming into the city for work to live in the city - Relatively young base of in-migrants with a variety of income levels	- Generally rising cost of for-sale housing - Nearly half (47.5%) of renter households are cost burdened - Risk of losing some of the 15,000+ residents that commute out of the city for employment

Inver Grove Heights experienced notable positive household growth since 2010 and the overall household base is projected to remain stable through 2029, with some growth among owner households. Total employment, at-place employment, and the unemployment rate within the county are all indicative of a thriving local economy. Despite these positive attributes, the city has very low vacancy rates among multifamily and non-conventional rentals and a low availability rate within the for-sale housing market. These availability issues combined with rising for-sale costs, notable shares of cost burdened households, and a significant number of residents commuting outside the city for employment increase the likelihood of households relocating outside the city. However, the city has a total housing gap of 1,817 units and more than 8,000 non-residents commuting into the city daily for employment. This represents a significant development opportunity, which will contribute to positive household growth in the area and support a growing local economy.



INVER GROVE HEIGHTS

—COMPREHENSIVE PLAN—



October 2019

Prepared by:



Hoisington Koeigler Group, Inc.

HOUSING

CHAPTER 4

INTRODUCTION

Housing is an integral part of Inver Grove Heights' vision (see page 1-4). Developing and maintaining a diversity of housing options is a key guiding principle of the Comprehensive Plan. Ensuring opportunities for diversity in housing also helps achieve community "sustainability" (see sidebar on Page 1-6.) To be sustainable, Inver Grove Heights' approach to housing is to provide opportunities for housing for everyone at all stages of the life-cycle, at a full range of price levels and design patterns, and locations near regional investments such as existing and future transit corridors. This approach to housing will help sustain:

- our K-12 school system;
- a strong economic environment that is supported by a diverse population base and labor force;
- a market for commercial development (goods and services) supported by a diverse mix of households (household purchasing power) within close proximity to shopping and other community amenities;
- a market for active transportation options such as walking, biking, and local, express or fixed-route transit systems supported by a density of housing that enables an efficient transit system; and
- a diverse tax base.

Enacted in 1976, the Metropolitan Land Use Planning Act (MLUPA), Minn. Stat. Sec. 473.859 Subd. 2, paragraph [c] requires inclusion of a housing element in the Comprehensive Plan to address key housing needs identified from a regional basis. This plan will identify the plans, policies, and programs intended to meet these needs for Inver Grove Heights.

Land Use Planning Act-Minn. Stat. Sec. 473.859 Subd. 2, para [c].

A land use plan shall...include a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low- and moderate-income housing.

The City's role in housing.

Through legislative powers, the City has the responsibility to enact planning, zoning policies and building laws that encourage and regulate housing development. It is also the responsibility of the City to ensure an adequate level of services to maintain strong neighborhoods and to encourage, through the use of various tools, development of a wider range of housing options within each neighborhood.



INVER GROVE HEIGHTS

BACKGROUND

In June 2009, the Inver Grove Heights City Council appointed a Housing Task Force consisting of 12 members with a goal of developing a housing action plan by July, 2010. The Housing Task Force held monthly meetings between July 2009 through June 2010 and prepared a report and recommendation based on research conducted by the task force and opinions and recommendations gathered from other groups and individuals such as the Dakota County Community Development Agency (CDA), Inver Glen Senior Housing, ISAIAH and the Builders Association of the Twin Cities. The Housing Task Force report recommends the Council address three main issues, each with their own set of recommendations;

1. Housing Education,
 - A. Creation of a Housing Committee
 - i. Suggested topics
 - a. market study update
 - b. rental housing licensing
 - c. foreclosures
 - d. property maintenance
 - ii. Suggested education programs
 - a. CDA liaison
 - b. information to public
2. Senior Housing, and
 - A. Accessory Housing
 - B. CDA Assistance
 - C. Availability Study
3. Affordable Housing
 - A. Affordable Housing Incentives
 - B. Multi City Joint Powers Agreement
 - C. Flexible Housing Standards
 - D. Renovation of Existing Housing Stock
 - E. CDA Partnering

In September 2013, the Dakota County Community Development Agency completed a Needs Assessment for all of Dakota County. This report estimated a demand for approximately 920 - 976 new rental and 2,405 - 2,460 ownership housing units (3,325 - 3,436 total units) in Inver Grove Heights from 2010 to 2030. (See Table 4-1 for a breakdown of this demand.) The report findings indicate that demand is now outpacing supply in some housing categories, most notably apartment rentals. Rental vacancy rates have hit new lows in some communities and the tightening vacancies and

increasing rents have resulted in low- and moderate-income households experiencing much greater challenges to secure affordable housing. An insufficient supply of affordable housing and particularly, housing affordable to households at the lowest income levels (less than 50% of Area Median Family Income), are creating significant barriers to assisting individuals and families in need to remain or help them to become more independent and reduce the risk of these households becoming homeless.

Table 4-1. Summary of Additional Housing Demand for Inver Grove Heights (Dakota County Housing Study)

	2010 to 2020				2020 to 2030			
	General Occupancy		Senior		General Occupancy		Senior	
	Market Rate	Affordable/ Subsidized	Market Rate	Affordable/ Subsidized	Market Rate	Affordable/ Subsidized	Market Rate	Affordable/ Subsidized
Rental Housing	240-249	215-222	125-135	90-100	55-60	60-65	60-65	75-80

	2010 to 2020			2020 to 2030		
	Single Family	Multi-Family	Senior	Single Family	Multi-Family	Senior
Ownership Housing	620-625	290-600	30-30	425-450	690-700	50-55
Total Units	1,610-1,961			1,415-1,475		

Source: Maxfield Research Inc.

As part of the comprehensive planning process, in May 2017 Maxfield Research completed a housing market analysis for Inver Grove Heights. The report found that rental vacancy rates were well below equilibrium across all unit types in the Inver Grove Heights market area. Rental vacancy rates range from 2.1% to 2.6% in the market area while average rents have increased by roughly 1.3% year-over-year. The tight rental market can be partially attributed to a group of foreclosed homeowners that entered the rental market during the Great Recession and traditional renters, who are potential home-owners, but are staying in the rental market longer due to lifestyle preferences. Job growth is also contributing to the demand for apartment units. The report concludes that Inver Grove Heights could support roughly 2,489 new general occupancy market rate housing units between 2017 and 2040.

The report also highlights that median sale prices have been climbing steadily in the market area since 2011. Since 2011, the median sale price for single-family homes has increased nearly 28% to \$323,900, the median sale price for multi-family for sale homes jumped 34% to \$168,000. Approximately 28% of the homes for sale in the market area were built

in the year 2010 or later. Multi-family units represent 34% of the for-sale homes that were built 2000 or later. The report concludes that Inver Grove Heights could support roughly 1,585 additional multi-family for sale units and 446 single family units between 2017 and 2040.

Together, these three reports provide a basis for the policy directions for the Comprehensive Plan update.

EXISTING HOUSING STOCK, TRENDS AND PATTERNS

Table 4-2. Housing Unit Type, 2015

Tenure	Number of Units	% of Total Housing Units
Single-family Units	9,906	69%
Multi-family units	3,637	25%
Manufactured homes	854	6%
Total Units	14,397	100.0%

Source: Metropolitan Council

Table 4-3. Housing Tenure, 2015

Tenure	Number of Units	% of Total Housing Units
Ownership Units	9,795	68%
Rental Units	4,602	32%
Total Units	14,397	100.0%

Source: Metropolitan Council

Data from the Metropolitan Council 2015 housing stock estimates indicated that there were approximately 14,397 housing units in Inver Grove Heights and that 69%, the majority, of these units were reported to be single-family homes. Multi-family units accounted for 25% of Inver Grove Heights' housing stock, while manufactured homes accounted for a 6% share. Housing tenure (whether someone rents or owns the home they are living in) skews largely, 68%, toward ownership units in Inver Grove Heights.

Table 4-4. Age of Housing Stock

Year Unit Built	Units	% of Total
2010 to 2017	361	3%
2000 to 2009	2,586	18%
1990 to 1999	3,585	25%
1980 to 1989	2,709	19%
1970 to 1979	2,319	16%
1960 to 1969	1,292	9%
1940 to 1959	990	7%
1939 or earlier	414	3%
Total Units	14,256	100%

Source: 2011-2015 US Census ACS, IGH City Building Permit Data

Between 2002 and 2007 the City reported 1,754 new residential units, an average of 351 units added each year. Between 2007 and 2012 the City reported only 303 new residential units, an average of 61 units added each year. In the 6 year period after this, 511 residential units were added, an average of 85 units added each year. No new multi-family units have been constructed since 2015. Using 2011-2015 U.S. Census ACS and Inver Grove Heights building permit data, it is estimated that the City currently has approximately 14,256 total housing units, nearly half of which are less

than 30 years old. However, as Inver Grove Heights continues to age, a growing priority will be on preserving and maintaining the existing housing stock.

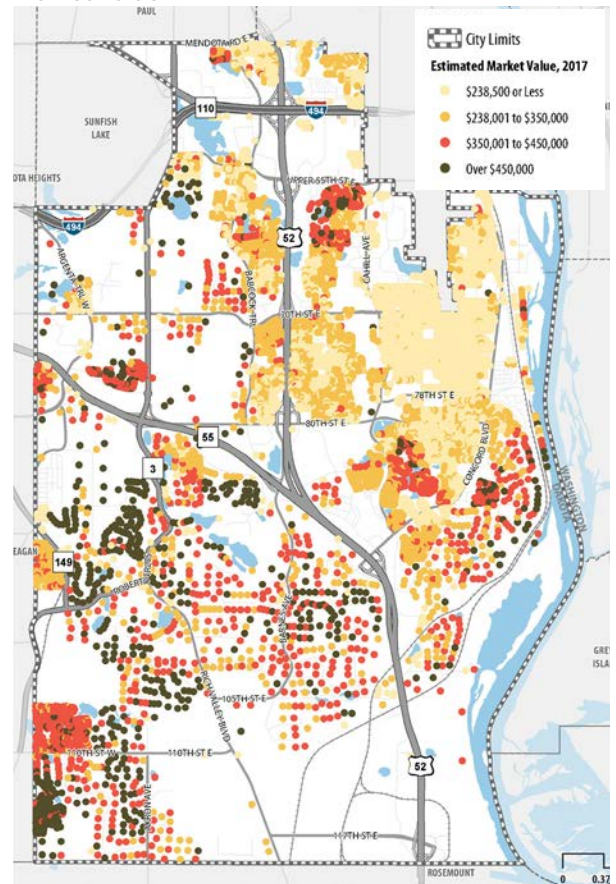
Housing values in Inver Grove Heights continue to reflect typical characteristics of suburban new-home construction where housing costs are heavily influenced by the rising cost of land and infrastructure, particularly as raw land becomes more scarce and areas left for infrastructure expansion are more difficult to serve.

Each year the Met Council determines the affordable purchase price for each low income level, these limits are summarized in Table 4-5. Dakota County Assessors data for Inver Grove Heights indicated that the average residential property (excluding apartments) had an estimated market value in 2018 of approximately \$283,000. Figure 4-1 illustrates the estimated market value of owner occupied housing units around the City. Many of the properties over \$450,000 are located south and west of Hwy. 55. New construction in the Northwest Area generally has an estimated market value of \$350k and above. The oldest developed area in Inver Grove Heights has the highest concentration of housing below \$238,500, homes most likely affordable to those making 80% of the area's Area Median Income (AMI).

Affordable and Workforce Housing

Affordable housing is an important part of a community's vitality. It provides

Figure 4-1: Owner-Occupied Housing by Estimated Market Value



Source: Dakota County GIS

Table 4-5. Affordable Purchase Price, 2015

30% AMI	50% AMI	80% AMI
\$84,500	\$151,500	\$238,500

Source: Metropolitan Council



Example of an affordable housing unit mixed into a market rate development project.

This housing development is located within Plymouth, MN. Part of the development project included the integration of affordable housing. These units were made affordable through regional grants and the underwriting of a second mortgage through the Plymouth HRA.

In this picture, there are four units. One is maintained as affordable (i.e. can't be sold outside of defined affordability limits) for up to 15 years.

DAKOTA COUNTY RENTER SNAPSHOT

Housing impacts every aspect of our lives, from the jobs we can access to the educational outcomes of our kids. But too many people in our community pay too much for housing, forcing hard-working families to choose between paying the rent or buying adequate groceries, covering healthcare and other critical needs. Across the Twin Cities region, even those employed full time in the most in-demand jobs can't make ends meet with rising rents and declining vacancy rates.

Housing is affordable when a household pays **no more than 30%** of its monthly income on rent or mortgage.



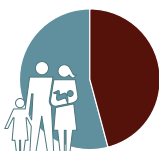
AVERAGE RENT IN DAKOTA COUNTY has increased 12% since 2010 to \$1,116 overall. In 2017, the average rent was \$996 for a one-bedroom and \$1,188 for a two-bedroom apartment.

VACANCY RATE IN DAKOTA COUNTY has declined since 2010 to just 4.8%, creating a challenging market for renters.

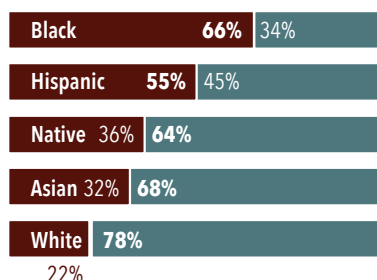
Working full time in many of the **region's most in-demand jobs** (see table right) doesn't pay enough to afford the median rent (\$1,003) or average two-bedroom rent (\$1,188)⁴ in Dakota County.



In Dakota County, **43% of renter households** – and 65% of senior renter households – pay more than they can afford on housing.



Housing is a racial equity issue, with far more households of color **RENTING** rather than **OWNING** a home in Dakota County.



IN-DEMAND JOBS in the Twin Cities	Median annual income	Affordable housing costs per month ¹	% income needed to pay median rent in Dakota County	% income needed to pay av 2-bd rent in Dakota County
Dakota County median renter	\$43,183	\$1,080	28%	33%
Minimum wage earner ²	\$20,060	\$502	60%	71%
Food Prep / Serving Workers	\$20,614	\$515	58%	69%
Cashiers	\$21,330	\$533	56%	67%
Retail Salespersons	\$22,731	\$568	53%	63%
Personal Care Aides	\$24,326	\$608	49%	59%
Stock Clerks / Order Fillers	\$26,437	\$661	46%	54%
Janitors	\$29,209	\$730	41%	49%
Landscapers / Groundskeepers	\$33,423	\$836	36%	43%
Food Prep / Serving Supervisors	\$34,133	\$853	35%	42%
Nursing Assistants	\$34,012	\$850	35%	42%
Customer Service Reps	\$39,274	\$982	31%	36%
Truck Drivers	\$47,514	\$1,188	25%	30%
Accountants and Auditors	\$67,343	\$1,684	18%	21%
Registered Nurses	\$81,737	\$2,043	15%	17%

SOURCES: Occupational Data for Twin Cities Economic Development Region by MN Department of Employment and Economic Development, July 2017, and American Community Survey, 2016 estimates. FOOTNOTES: 1- Housing is affordable when it consumes no more than 30% of a household's monthly income. 2- Based on current minimum wage for large employers in Minnesota (\$9.65). 3- Metropolitan Council staff analysis of U.S. Census Bureau, 2012-2016 American Community Survey Public Use Microdata Sample five-year data. 4- CoStar.

Learn more at
mhponline.org



housing for young people who are in transition from home and post-secondary education into the workforce and it provides housing for seniors and others who live on modest and fixed incomes. A term often used in relation to affordable housing is “workforce housing.” Workforce housing is increasingly popular among planners, government administrators and fair housing advocates, and is gaining popularity with home builders, developers and lenders. Four key factors help explain workforce housing: affordability, home ownership (recognizing the most desirable form of housing is ownership), critical workforce (teachers, police officers, medical technicians/nurses, office workers, retail workers), and proximity (to a major employment concentration). The Inver Grove Heights comprehensive plan refers to workforce housing as one component of affordable housing needs. The plan uses the term affordable housing because it captures the full intent of the need; it includes seniors and others living on modest or fixed incomes and those college students preparing for the workforce.

Affordable housing is most commonly achieved through development of new attached housing developments (townhome, condo or apartment development) where residential densities are sufficient enough for the private market to keep development costs reasonable. Programs through the Dakota County Community Development Agency or other regional non-profit organizations also contribute to the development of new workforce housing in Inver Grove Heights. The other important source of affordable housing stock is the existing housing stock. As housing ages, the degree of affordability increases. However, maintenance costs with older housing stock also increases. It is also important to acknowledge the aging population in Inver Grove Heights and the region in general. Housing affordability is important to retired people who are living on fixed incomes and often unable to keep pace with rising housing costs.

Accessory dwelling units (ADUs) also referred to as accessory apartments, second units, or granny flats — are additional living quarters on single-family lots that are independent of the primary dwelling unit. The separate living spaces are equipped with kitchen and bathroom facilities, and can be either attached or detached from the main residence. In addition to providing practical housing options for the elderly, disabled, empty nesters, and young workers, ADUs can provide additional rental income for homeowners. ADUs are smaller in size, do not require the extra expense of purchasing land, can be developed by converting existing structures, and do not require additional infrastructure. They are an inexpensive way for municipalities to increase their housing supply, while also increasing their property tax base. By allowing ADUs, communities can retain population

Area Median Income

The Area Median Income (AMI) is the midpoint of a region's income distribution – half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income—such as 50% of the area median income—identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

groups that might otherwise be priced out of the housing market.

Housing is considered “affordable” when no more than 30% of a household's income goes to housing. The basis for determining affordability is area median income (AMI), which is the midpoint of the Twin Cities region's income distribution such that half of households earn more and half earn less. For purposes of Comprehensive Plans, the Metropolitan Council has established three levels of affordability: 1) At or below 30% of AMI; 2) Between 31 and 50% of AMI; and 3) Between 51 and 80% of AMI.

Table 4-6. Existing Affordable Housing Units, 2015

Household Income	Units Affordable to Households	% of Total Housing Units
At or below 30% of AMI	1,225	8.5%
31% to 50% of AMI	2,815	19.6%
51% to 80% of AMI	5,927	41.2%
Subtotal at or Below 80% AMI	9,967	69.2%
Total Housing Units	14,397	100.0%

Source: Metropolitan Council

As seen in Table 4-6, the City has a limited number of housing units that are considered affordable to very low income households (those households with 30% or less of the AMI). There are a fair number of homes considered in the affordable range for low income households (31% to 50% AMI) and moderate income households (51% to 80% AMI).

Table 4-7. Housing Cost-Burdened Households, 2015

Household Income	Number of Households	% of Total Households
At or below 30% of AMI	1,422	10.1%
31% to 50% of AMI	1,132	8.1%
51% to 80% of AMI	866	6.2%
Subtotal at or Below 80% AMI	3,420	24.4%
Total Households	14,037	100.0%

Source: Metropolitan Council

The cost of housing is typically the most significant expense in a household's budget. A residence is considered “affordable” when 30% or less of the household's gross income is spent on housing. If a household spends more than 30% of their gross income on housing, it is experiencing a “Housing Cost Burden”. According to the Metropolitan Council, Inver Grove Heights has the following breakdown of households experiencing

Figure 4-2: Percentage of Income Needed for Housing in the Twin Cities Metropolitan Area

Assembly Worker | Median Salary: \$34,640



Can Afford Monthly Housing Costs of: **\$855**

% of income required to:
Rent a 2-Bedroom Apartment
39%

Own a House
53%

Child Care Worker | Median Salary: \$23,587



Can Afford Monthly Housing Costs of: **\$590**

% of income required to:
Rent a 2-Bedroom Apartment
56%

Own a House
76%

Groundskeeper | Median Salary: \$27,602



Can Afford Monthly Housing Costs of: **\$690**

% of income required to:
Rent a 2-Bedroom Apartment
48%

Own a House
65%

Restaurant Cook | Median Salary: \$24,690

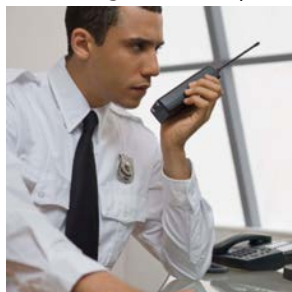


Can Afford Monthly Housing Costs of: **\$617**

% of income required to:
Rent a 2-Bedroom Apartment
54%

Own a House
73%

Security Guard | Median Salary: \$28,350



Can Afford Monthly Housing Costs of: **\$709**

% of income required to:
Rent a 2-Bedroom Apartment
47%

Own a House
63%

School Bus Driver | Median Salary: \$33,987



Can Afford Monthly Housing Costs of: **\$850**

% of income required to:
Rent a 2-Bedroom Apartment
39%

Own a House
53%

Maid/Housekeeper | Median Salary: \$21,778

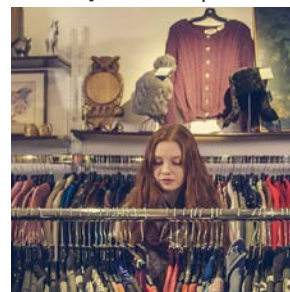


Can Afford Monthly Housing Costs of: **\$544**

% of income required to:
Rent a 2-Bedroom Apartment
61%

Own a House
83%

Salesperson | Median Salary: \$21,424

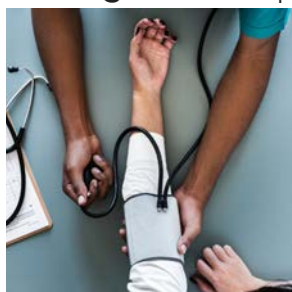


Can Afford Monthly Housing Costs of: **\$536**

% of income required to:
Rent a 2-Bedroom Apartment
62%

Own a House
84%

Nursing Assistant | Median Salary: \$29,931



Can Afford Monthly Housing Costs of: **\$748**

% of income required to:
Rent a 2-Bedroom Apartment
44%

Own a House
60%

Receptionist | Median Salary: \$29,910



Can Afford Monthly Housing Costs of: **\$748**

% of income required to:
Rent a 2-Bedroom Apartment
44%

Own a House
60%

Source: Family Housing Fund "Working Doesn't Always Pay for a Home". Updated July 2015

housing cost burden, as seen in Table 4-7.

Table 4-8. Publicly Subsidized Units, 2015

	Number of Units	% of Total Housing Units
Publicly subsidized senior units	99	0.7%
Publicly subsidized units for people with disabilities	0	0.0%
All other publicly subsidized units	343	2.4%
All publicly subsidized units	442	3.1%
Total housing units	14,397	100.0%

Source: Metropolitan Council

Sometimes the cost of housing is so out of reach for individuals or families that the only way to make a unit affordable is through public subsidy. Table 4-8 shows that, as of 2015, there were a total of 442 publicly subsidized units in Inver Grove Heights. Publicly subsidized units only accounted for 3% of a housing units in the City. No publicly subsidized units specifically for people with disabilities exist in Inver Grove Heights, though this doesn't necessarily mean that people with disabilities aren't in some other type of publicly subsidized unit.

Housing Maintenance

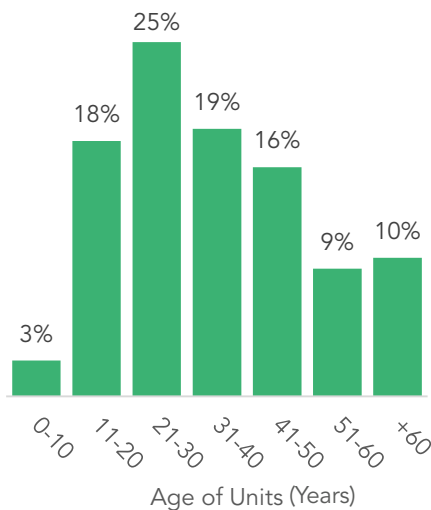
With the aging of the City's housing stock, preservation and maintenance will continue to be a critical objective for the City. The City has a position titled, "Rental and Code Compliance Specialist". This position is responsible for handling complaints regarding code violations. This staff person also helps answer questions, educates citizens and connects interested homeowners with housing resources.

The City could create its own home improvement loan/grant program, or partner with the CDA, to help residents keep up their properties as a means of keeping up the overall values of properties in neighborhoods.

Aging In Place

While there is no doubt that the region's population will grow older over the life of this Comprehensive Plan, the implications for housing in Inver Grove Heights are less clear.

- How long will residents stay in their current homes (age in place)?
- If people want to move, are desirable and affordable housing options available in Inver Grove Heights?
- Will economic conditions encourage different family and non-family



The graph above illustrates the bulk of Inver Grove Heights Housing being constructed in the previous three decades.

household structures to live in Inver Grove Heights (adult children with parents, parents with adult children, groups of unrelated seniors)?

Some aspects of the current housing stock suggest potential barriers for the population aging in place. Many single-family detached homes built in the last 30 years were built for families (two story, split-entry or split-level) and all will require the normal maintenance. As the City's population ages, maintenance is often challenged by our physical ability to conduct regular household tasks, and as financial resources become limited (fixed through retirement) housing maintenance can begin to suffer. The Dakota County's Housing Needs Assessment shows future demand for senior housing. This demand is important to serve so that seniors have housing options within the community that meet their life-cycle needs and facilitate the turnover of housing.

Summary of Existing Housing Needs

Based on the data and analysis of this plan, we have identified the following housing needs as priorities for our community through 2040. In the implementation section of this chapter, you will find a discussion of tools and strategies we will employ to address those needs.

1. Housing affordable to households at less than 50% of Area Median Family Income
2. Preservation of naturally-occurring affordable housing within all levels of affordability.
3. Senior housing affordable at all levels of affordability.
4. Multi-family housing, for sale and rental, affordable to all levels of affordability.
5. Housing affordable for those with special needs/disability, both physical and mental.

PROJECTED HOUSING DEMAND

The Metropolitan Council determined the need for affordable housing in each community based on a variety of factors. This methodology is detailed in a report titled "Appendix B: Methodology of the Allocation of Affordable Housing Need" published as part of the Thrive MSP 2040 Housing Policy Plan. The factors include:

- Projections of growth of households experiencing housing cost burden
- Current supply of existing affordable housing, whether subsidized or naturally occurring

- Disparity of low-wage jobs and housing for low-wage households within a community

Table 4-9. Affordable Housing Need Allocation for Inver Grove Heights

Household AMI	Number of Units
At or Below 30% AMI	274
31% to 50% AMI	157
51 to 80% AMI	160
Total Units	591

Source: Metropolitan Council

Challenges in Providing Affordable Housing

The ability of the marketplace to provide affordable housing is constrained by land and infrastructure costs, building material costs, regulatory barriers (restrictive zoning and land use controls) and local resident opposition (often referred to as NIMBY or Not In My Back Yard).

Public subsidies are usually required to make affordable housing a reality. When public subsidies enter the picture, challenges arise with how the property will be owned, managed and maintained, how the project is financed and how the affordability of the housing will be preserved.

Using these factors in a formula that is fully described in the Metropolitan Council's report, Inver Grove Heights' affordable housing need is identified as 591 new construction housing units between the years 2021 and 2030 as determined by the Metropolitan Council. The breakdown by levels of affordability is shown in Table 4-9.

The land use plan guides future development areas for a balance of single-family detached and attached housing types as well as multi-family attached housing. The City's goal is to preserve an even balance of housing with approximately 50% single family detached and 50% multi-family attached housing. Table 4-10 is a summary of vacant developable lands guided for residential development within the City of Inver Grove Heights.

Table 4-10. Land Capacity for new housing

(Note: This table represents a full build out based on the 2040 Land Use Designations.)

Residential Land Use (Density in net units per acre)	Developable Acres	Min Units	Max Units
Rural (2.5 acre or greater lot size)	1,117	112	447
Low Density (1-4 u/a)	471	471	1,883
Low Medium (4-8 u/a)	389	1,556	3,111
Medium (8-12 u/a)	198	1,587	2,381
High (12 + u/a)*	55	656	1,912
Mixed Use (12+u/a)**	207	1,661	4,845
TOTAL	2,436	6,042	14,579

* Assumed 35 units as a maximum density for High Density and Mixed Use

** Assumed 2/3 of mixed use areas will be residential

The way that communities meet the affordable housing allocation is by designating adequate vacant land or redevelopable land at minimum densities (units/acre) that are high enough for affordable housing to be an option. Essentially, the more units/acre allowed on a site, the less cost per unit to be built, which makes the development an option for affordable housing developers as well as market-rate developers. The affordable housing allocation does not mean that the government must force the building of this many affordable units by 2030. Rather, through future land use guidance, the community needs to ensure that the opportunity for affordable housing exists by having adequate vacant or redeveloped land guided for higher densities to meet the stated share. The Metropolitan Council has determined that minimum residential densities of 8 units/acre are adequate to enable the possibility of

development of affordable housing. Future land uses within Inver Grove Heights that meet this requirement are highlighted in Table 4-11.

Table 4-11. Demonstration of Capacity to Meet Affordable Housing Share

Residential Land Uses	Minimum units/acre	2021 to 2030	
		Net Acres	Units Added
Medium Density Residential	8	27	206
High Density Residential	12	25	253
Mixed Use*	12	39	472
Total	-	91	930

Source: HKGi

* Assumed 2/3 of mixed use areas will be residential

IMPLEMENTATION

Housing Policies

The following policies will guide the City of Inver Grove Heights housing development.

1. Maintain land use guidance of a sufficient supply of land at 8 units per net acre or more to accommodate Inver Grove Heights share (591 overall units) of the regional affordable housing needs as set by the Metropolitan Council's Thrive MSP 2040 Housing Policy Plan.
2. Work with the Dakota County Community Development Agency and other agencies to integrate affordable housing into larger development projects rather than isolated into a single development project.
3. Partner with housing development agencies to assist with the development of affordable housing in locations of the community that have (or will have) transit options and are in close proximity to employment centers.
4. Maintain a balanced housing supply with housing available for people at all income levels and unit types that meet the varying life-cycle needs of Inver Grove Heights residents.
5. Maintain quality housing by promoting ongoing maintenance of owner occupied and rental housing units through code compliance, homeowner education, financial incentives, and providing technical resources.
6. Establish a housing pattern that respects the natural environment, i.e. cluster development, while striving to meet local housing needs and the community's share of metropolitan area housing growth.
7. Maintain zoning and subdivision regulations allowing for the



The figure above illustrates a blend of affordable housing with market rate housing. 30% of the units are affordable to families at 80% of the average median income. The Kensington Park project is located in the City of Richfield.

construction of workforce and low-cost housing (e.g. houses with a smaller building footprint, 400 s.q. ft minimum).

8. Maintain a close working relationship with the Dakota County Community Development Agency to provide necessary financial programs to promote the construction of workforce housing.
9. Continue to utilize City ordinances and incentives that allow planned developments that provide a mixture of housing types and promote developers to build a variety of housing types within a single development.
10. Require the development of multi-family housing in areas that are guided for higher densities (high density residential, mixed use) in the land use plan and allow multi-family housing of appropriate scale in other housing categories (low density, low-medium density, medium density) to avoid over-concentration in isolate areas.
11. Require the integration of open spaces within residential developments in order to maintain a living environment that is consistent with the City's vision and guiding principles.
12. Promote higher density housing in the mixed-use areas of the City as identified in the land use plan. In particular, the City will study redevelopment of Cahill Ave. at 65th Street, Concord Blvd. between 65th Street and 70th Street, and Arbor Pointe.
13. Adopt innovative approaches to zoning and development that seek to achieve the goals and policies outlined in the plan such as the idea of "inclusionary zoning."
14. Encourage new technologies and innovations in home building that reduce housing costs, conserve energy and water resources, provide for renewable energy, and protect solar access to existing buildings that maintains a safe and healthy living environment.
15. Encourage affordable housing to be dispersed throughout the community rather than being centralized in one area or neighborhood.
16. Create and adopt opportunities to defray City fees such as park or sewer availability/ water availability charges for affordable housing units that add significantly to developer capital costs.
17. Adjust zoning regulations to allow for a mix of single family, duplex, and triplex units within existing neighborhoods and new developments.
18. Codify and formalize the permit process for short term rentals as an economic development opportunity for residents and a means to encourage better maintenance of existing structures.
19. Enable the existing EDA to also serve as a Housing Development Authority and expand membership to include housing advocates and residents with an appropriate financial and development background in order to improve its effectiveness.

Inclusionary Zoning

"How do you meet the needs of developers that want approval for higher density projects and also provide communities with the affordable or workforce housing they need? Inclusionary zoning is a possible answer. Originally conceived in the 1960's, and adapted over the decades, today's inclusionary zoning programs offer developers incentives in return for including affordable units within market-rate developments. Inclusionary zoning can be developed to offer incentives, reduce barriers or require developments of a certain magnitude to integrate workforce housing." Urban Land Institute.

20. Create awareness around tenant/landlord rights and responsibilities, best practices, and resources (including posting a complaint number and info or rental housing inspection requirements).

Housing Action Steps

This plan identifies some of the important challenges Inver Grove Heights will face over the life of this plan. Those challenges require the City take active steps in order to carry out the vision and policies. The following are action steps recommended by the City's Housing Committee after five years of study, presented here for further analysis and consideration.

A. Conduct a critical review of development regulations and processes to reduce barriers.

Barriers to developing affordable housing can come in many ways. Setting too restrictive standards for lot size and dimensions or building and off-street parking requirements add costs to housing that pushes it beyond the affordability level. Requiring multiple layers of approval delays processes adding administrative costs and increasing risks.

Key components of this action step include:

1. Conduct an inclusive and unbiased process of evaluation including representation from:
 - housing advocacy groups
 - builders association (developers/realtors/builders/lenders)
 - the design profession (architects, sustainability and resilience professionals, inspectors, planners)
 - policy makers and advisors
 - social and environmental justice groups
 - residents and owners of affordable housing (subsidized and unsubsidized)
2. Consider design guidelines that illustrate acceptable means of site design, building materials, facade treatments and site improvements (landscaping.)
3. Design affordable housing in a manner that reflects the surrounding market rate housing, while incorporating a variety of housing styles, including duplexes and triplexes and smaller units, into single family housing developments.
4. Evaluate financial impacts of various regulatory provisions to ensure affordability can be maintained or preserved. This can include exploration of financial programs and tools that may help in achieving sometimes conflicting objectives (i.e. high design aesthetic vs. maintained affordability or energy efficiency capital costs vs. savings

in operating costs.)

5. Establish performance metrics to regularly measure and report on the success in the construction/rehab of affordable units.
6. Work with partners to assure that any affordable housing units, especially ownership units, employ tools to maintain their affordability rather than to be “flipped” for profit.

B. Conduct an education campaign to help dispel myths of affordable housing and recognize the community benefits.

A significant barrier to overcome is the opposition to affordable housing. This opposition is not new by any means. However, much of it is often driven by strong emotions over the fear of change. This action step should be something embraced by the same representation group as noted in action step A. Substantial resources already exist to undertake an educational program and can be obtained through partnerships with agencies such as MICAHA, ISAIAH, Dakota County CDA, Metropolitan Council and other housing agencies. Establishing a clear definition of affordable housing is necessary for this step.

C. Prepare a detailed housing action plan.

Developing a housing action plan that is dedicated and focused on the topic of housing will be an important tool for the City to better understand the critical housing issues facing the community and the most effective means to address them. Significant data has been assembled through the Comprehensive Planning process as well as through regional housing studies completed by the Dakota County CDA. This will enable the planning effort to focus on solutions. The housing action plan should include:

1. Establishing a Housing Improvement Area.

Designate the area bordered by 80th Street on the south, Concord Blvd. to the east, Cahill to the west and 65th Street to the north (aka South Grove Neighborhood) as an area of naturally occurring affordable housing (or housing improvement area) for the purpose of making funds available for updating and improving homes. Perform a comprehensive survey of the neighborhood to identify demographic make-up, residents wishing to improve their properties, possible timeline for selling property, and type of housing desired by potential sellers and where.

2. Adopting at least three to four tools designed to increase the supply of affordable housing.

Potential tools and funding mechanisms may include:

- Inclusionary zoning policy,
- Livable Communities Act Demonstration Account funds,

- Community land trust,
- Community revitalization funds,
- CDBG rehab funding,
- Tax increment financing, or
- Other tools listed in the housing tools table

Housing Tools

A majority of the housing tools currently available in Inver Grove Heights are programs run by the Dakota County Community Development Agency (CDA). The CDA was established in 1971 and has been a leader in providing affordable housing for over 45 years. . The City will continue its close relationship with the CDA, and look to other opportunities to make housing more affordable within Inver Grove Heights.

Table 4-12 on the following pages outlines tools that can be utilized by the City, residents, developers, and financiers to meet Housing Needs in Inver Grove Heights. The table identifies each widely-available tool/action, when it would be considered, and what housing need(s) it addresses.

Table 4-12. Housing Implementation Tools and Needs

Tool	Circumstances & Sequence of Use	Housing Need
Housing and Redevelopment/ Development Authority, Community Development Authority, Economic Development Authority	The City will continue to work with the Dakota County Community Development Agency (CDA). The City will continue to utilize its EDA and add to its responsibilities the role of Housing Development Agency and expand membership to include residents with an appropriate financial and/or development background in order to improve its effectiveness.	Tool addresses multiple housing needs and improves our housing strategy capacity in general
Community Development Block Grants (CDBG) through Dakota County CDA	The City will explore the use of a portion of our CDBG funds to prioritize projects if they provide units affordable to very low-, low-, or moderate-income households.	Housing Affordability Housing Preservation
HOME – Home Investment Partnership Program	CDA administers the HOME program for Dakota County. They allocate funding from a consortium with Anoka, Ramsey, Washington, and Dakota Counties as well as the Cities of Coon Rapids and Woodbury. Funds are used to develop affordable medium and high density housing development The City will explore with the CDA the application for HOME funds to provide rental assistance to very-low, low, and moderate income households that are in existing rental units in the City.	Housing Affordability Senior Housing
Emergency Solution Grants (ESG)	CDA program that looks to address emergency housing needs. Funds may be used for five components: • Street outreach • Emergency shelter • Homelessness prevention • Rapid re-housing assistance • HMIS (Homeless Management Information System) The City will support the CDA's efforts with local non-profits to establish a referral network to ensure emergency funds can reach the greatest need.	Housing Affordability
Home Improvement Loan Program	Administered through CDA utilizing CDBG and MHFA funds to provide rehabilitation loans to low- and moderate-income homeowners for projects. The City supports the CDA's program.	Housing Preservation Housing Affordability Senior Housing
MHFA Rehabilitation Loan Program	CDA administers Minnesota Housing Finance Agency loan funds through their Home Improvement Loan Program (above). MHFA Rehabilitation Loan Program funds are specifically meant to serve very low-income homeowners at or below 30 percent AMI. The City will support, through its partnership with the CDA, the application of funds through the MHFA, to provide very low-income homeowners with these funds	Housing Preservation Housing Affordability

<i>Tool</i>	<i>Circumstances & Sequence of Use</i>	<i>Housing Need</i>
Weatherization / Weatherization Plus	The City will continue to support the CDA program utilizing funding from federal Low-Income Weatherization Assistance Program (WAP), providing weatherization services to homeowners and renters.	Housing Preservation Housing Affordability
Housing Counseling	CDA provides free one-on-one sessions as well as in-depth classes for a fee regarding a variety of topics for homeownership and financing. • Homebuyer counseling • Homebuyer education • Refinance counseling • Foreclosure counseling The City will encourage the CDA to update its reference procedures and training for applicable staff, including a plan to maintain our ability to refer residents to this program for housing counselling	Tool addresses multiple housing needs and improves our housing strategy capacity in general
First Time Homebuyers Program	CDA provides low-interest mortgage financing for first time-homeowners. The City will refer residents to this program.	Housing Affordability
Senior Housing Program	The CDA has partnered with Dakota County to develop and construct affordable senior housing throughout the County. The City supports this program and will ensure local ordinances allow senior housing.	Senior Housing Housing Affordability
Workforce Housing Program	The CDA partners with private corporations to fund the construction of workforce housing for moderate-income families. These developments often utilize Low Income Housing Tax Credits in their financing as well. The City supports this CDA program.	Housing Affordability
HOPE (Housing Opportunities Enhancement) Program	CDA and Dakota County program to provide gap-financing for the acquisition, new construction, and preservation of affordable housing – both rental and ownership. HOPE assisted units are rental units affordable to households at or below 50% AMI, or homeownership units affordable to households at or below 80% AMI. The City supports this CDA program.	Housing Affordability
Low Income Housing Tax Credits	CDA allocates Minnesota Housing tax credits to housing developers for projects that have subsidized units. The CDA has also been a developer of units that utilize Low Income Housing Tax Credits. The City supports this CDA program.	Housing Affordability
Fair Housing Policy	This City will adopt a local fair housing policy by 2019 to ensure that the City is aware of fair housing obligations with regard to housing decisions and provide sufficient resources to educate and refer residents who feel their fair housing rights have been violated.	Tool addresses multiple housing needs and improves our housing strategy capacity in general

<i>Tool</i>	<i>Circumstances & Sequence of Use</i>	<i>Housing Need</i>
Housing Bonds	The City supports the CDA's issuance of Housing Bonds for the development of units serving low- and moderate-income households. The City does not intend to issue its own Housing Bonds.	Housing Affordability
Tax Abatement	The City does not plan on using Tax Abatement for residential development.	Housing Affordability
Tax Increment Financing (TIF)	The City would consider Tax Increment Financing for redevelopment projects in Mixed Use areas that provide opportunities for affordable housing for very low-, low-, or moderate-income households and meet City redevelopment goals	Housing Affordability
Consolidated RFP through the MHFA	The City will consider supporting/sponsoring an application to the Consolidated RFP programs through MHFA for residential project proposals in areas guided for high density residential uses and mixed uses	Housing Affordability
Land Bank Twin Cities	The City will encourage developers and property owners to work with the Land Bank of the Twin Cities. The City will support CDA participation in the Twin Cities Land Bank "First Look" program to strategically acquire any foreclosed properties that are guided at Medium Density, High Density Residential or Mixed Use as shown on our future land use map and represent a reasonable location to expect housing which includes affordable units for very low-, low-, or moderate-income households.	Housing Affordability
Livable Communities Demonstration Account (LCDA) through Metropolitan Council	The City is currently a participating city in the Livable Community Act program. The City will consider making an application to Livable Communities Account programs for proposals with residential units in areas guided as medium density residential, high density residential, as well as mixed use areas.	Housing Affordability Multi-Family Housing
Site Assembly	The City will support an environmental clean-up grant application and other site assembly activities for housing projects that provide affordable units for very low-, low-, and moderate-income households.	Housing Affordability
Housing Referrals	The City will continue to maintain our ability to refer our residents to any applicable housing programs available through the CDA.	Tool addresses multiple housing needs and improves our housing strategy capacity in general

<i>Tool</i>	<i>Circumstances & Sequence of Use</i>	<i>Housing Need</i>
Guiding land at densities that support affordable housing	See our future land use plan and projected housing needs section of the housing chapter of this comprehensive plan.	Tool to address multiple housing needs and improves our housing strategy capacity in general
Participation in Housing Related Organizations	The Mayor of Inver Grove Heights participates in the Urban Land Institute Minnesota's Regional Council of Mayors Group. The City will also continue to participate in Metro Cities and will look to other organizations for possible engagement and involvement.	Tool to address multiple housing needs and improves our housing strategy capacity in general
Zoning and Subdivision Ordinances	The City will regularly review our zoning and subdivision ordinances to identify any regulations that inhibit the housing priorities in this document. Some specific ordinance adjustments are highlighted in the plan's housing implementation policies such as those related to ADUs, short-term rentals, and minimum building size.	Tool addresses multiple housing needs and improves our housing strategy capacity in general
Rental License and Inspection Program	The City requires all rental property owners to obtain a rental license every two years. This program assures property maintenance of structures so as to preserve neighborhood stability, protect the quality of existing rental housing stock, and maintain property values.	Housing Preservation Multi-Family Housing
Housing Improvement Areas	The City will designate the area bordered by 80th Street on the south, Concord Blvd. to the east, Cahill to the west and 65th Street to the north (aka South Grove Neighborhood) as an HIA.	Housing Preservation
Manufactured Home Parks	A number of manufactured home parks exist within the City of Inver Grove Heights. These parks contribute to the existing supply of affordable housing in the City. The City's land use guidance doesn't preclude their existence in the future. The city will continue to support the R-4 Mobile Home Park Zoning District that was established for mobile home park developments.	Housing Affordability Housing Preservation
Community Land Trust	CLT's hold the land they own "in trust" forever to ensure that it will always remain affordable for homebuyers. The City will not act as a CLT, but would support a nonprofit, community-based community land trust (CLT) that works to provide perpetually affordable home ownership opportunities.	Housing Affordability
Scattered Site Public Housing	The CDA Scattered Site Public Housing Program is designed to provide affordable housing for families with low- or moderate-incomes through a variety of housing options. The City supports this CDA program.	Housing Affordability

<i>Tool</i>	<i>Circumstances & Sequence of Use</i>	<i>Housing Need</i>
"4d" Tax Incentives (Minnesota Low Income Rental Classification Program)	The City will explore the possibility of a 40% property tax reduction on qualifying Low Income Rental Classification multi-family properties where building owners agree to keep a minimum of 20% of units per building affordable to households making 60% of Area Median Income (AMI), for ten years.	Housing Affordability Multi-Family Housing Housing Preservation



Request for Council Action

SUBJECT: **Central Maintenance Facility - Bonding Process & Timing**

MEETING DATE: May 5, 2025

ITEM TYPE: Discussion Items

CONTACT: Amy Hove, Finance Director, 651.450.2521

ACTION REQUESTED

The Council is asked to receive a presentation from the City's financial advisor, Ehlers Public Financial Advisors, regarding the process for issuing General Obligation Bonds for the financing of a new Central Maintenance Facility, and the timing of certain key steps should the Council decide to proceed with the project.

BACKGROUND

At its April 14, 2025 meeting, the Council accepted the final report for the Central Maintenance Facility (Project) needs analysis and site plan and authorized negotiation of a contract for final design and construction management services. Those contracts are anticipated to be brought forward for Council consideration at its May 27 meeting.

The final report also contained a staff addendum discussing the various funding mechanisms available for a project such as this, and provided a staff recommendation that the City should pursue the issuance of General Obligation Bonds (GO Bonds) to finance the Project. At this time, staff seeks to provide the Council with more information regarding what the process and timeline for bonding would be, if that is indeed the selected route.

The attached memorandum from Ehlers describes in detail the need for a Bond Capital Improvement Plan (CIP) when issuing GO Bonds, the required public notices and timelines, along with considerations that should be made when choosing when and how to time the issuance of such bonds. Given staff are currently negotiating architectural/engineering design and construction management contracts related to the Project, that are expected to have a total cost in the millions if the project advances all the way to completion, the Council may wish to have bonding authority in place before expending too many funds on the Project.

The sale of bonds for a project like this will require a public hearing and then a simple majority (3/5) vote of the Council. However, that action is subject to a reverse referendum, in accordance with state law. This means that if, within 30 days of the public hearing on the Bond CIP, the City receives a petition containing the signatures of registered voters, equivalent to 5% of the votes cast in the last general election, then the question must be put to the voters in an election. Should the City wait to hold the required public hearing until closer to the date when the bonds would be issued - and then receive such a petition and need to put the question before voters, it could significantly delay the timeline of the Project. If the public hearing is held early in the process and no such petition is filed within 30 days of the public hearing on the bonds, the City has 5-years to issue GO Bonds on

projects listed in the Bond CIP. On the other hand, holding the public hearing at this time may be seen by some as premature because the building has not been fully designed and we only have a high-level cost estimate.

If the Council wishes to initiate this process and proceed with a public hearing as quickly as possible, it could officially call for the hearing as early as May 12 and then hold the hearing on June 9. Another alternative would be to take the next few months to continue developing the project, including an article in the July *Insights* newsletter letting residents know a new Central Maintenance Facility is being planned and noticing a public hearing for late July. This would allow for the public hearing and 30-day period to be complete by the end of the summer.

Either timeline would grant the City the needed bonding authority, good for a 5-year period, to issue GO Bonds for the construction of a new Central Maintenance Facility, assuming no reverse referendum petition is received within 30 days of the public hearing.

Staff reviewed the potential Project timeline and anticipate the City will need to actually issue the GO Bonds around the same time as awarding a construction contract for the Project, which staff anticipates would be in early to mid-2026.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. Ehlers Memorandum

MEMORANDUM

TO: Amy Hove, Finance Director
FROM: Jason Aarsvold and Schane Rudlang, Ehlers
DATE: April 23, 2025
SUBJECT: Central Maintenance Facility Financing – CIP Bonds & Timing

Ehlers and City staff reviewed options for financing the City's proposed central maintenance facility. MN statute, section 475.521 (the "CIP Act") allows cities to issue tax exempt, general obligation ("G.O.") bonds under a capital improvement plan ("CIP") without a referendum. The CIP Act applies to specific capital improvements for the purposes of city halls, town halls, public works, public safety facilities, and libraries. Issuance of tax exempt, general obligation bonds will offer the lowest cost financing option for the proposed central maintenance facility.

While the City already has an approved CIP, when the plan calls for G.O. bonds (referred to as "CIP Bonds") to finance these types of public improvements, the City Council must follow an additional set of procedures. The City may adopt a separate Bond CIP specifically for those Capital Improvements which, in turn, can then address the additional requirements outlined within the CIP Act. This Bond CIP, therefore, supplements the City's already established capital planning process.

Before issuing CIP Bonds, Council must hold a public hearing to obtain public comment on the matter. Notice of such hearing must be published in the official newspaper of the municipality at least 14 days, but not more than 28 days prior to the date of the public hearing. In addition, the notice may be posted on the City's official website.

The sale of CIP Bonds requires a 3/5th majority vote of the City Council. However, the issuance is subject to a reverse referendum. This means that if, within 30 days of the public hearing on the CIP bonds, the City receives a petition, signed by voters equal to at least 5% of the votes cast in the City's last general election, the City is required to submit the question to voters in an election. For the City of Inver Grove Heights, there were 20,985 ballots cast in the 2024 general election so this type of reverse referendum petition would require 1,050 signatures.

The Bond CIP can cover all qualifying projects over a 5-year period. However, the City does not have authority to issue the CIP Bonds until after the reverse referendum period has passed. For this reason, the City may wish to consider adopting the Bond CIP in advance of awarding any major contracts for the project. This would ensure the City has G.O. bonding authority to pay for the project when the time comes.

Alternatively, the City could wait to approve the Bond CIP until closer to awarding a construction contract. But in that case, if a petition is received, G.O. bonds could not be issued until after a vote on the issue. In the event a petition is received, the City has a few options. These include:

1. Decide not to submit the question to voters. In that case, the City would not have the authority to issue G.O. Bonds for recovery of previous expenses, or to pay for future project costs. If the City chooses this path, then it cannot propose CIP Bonds for this project, and in the same amount for a period of 365 days from the date of receipt of the petition.

2. Submit the question to voters and hold the election. If the question passes, then the City would have authority to issue the CIP Bonds. If the question does not pass, then the City cannot propose CIP Bonds for this project for the same project, and in the same amount for a period of 180 days from the date the election was held.
3. Consider a “Lease/Revenue” bond as an alternative. In this type of transaction, bonds are sold to pay for construction of the facility. The facility is owned by a private entity that is a party to the transaction and leased back to the City. The City makes lease payments to the private entity which are then used to make payments on the bonds. At the end of the financing term, the City would assume ownership of the facility.

Lease/revenue bonds are generally a more costly alternative for two reasons. First, the transaction requires more legal documentation, including a lease agreement, which increases the upfront costs of issuance. Second, since the bond are ultimately secured by lease payments, rather than the City’s G.O. pledge, interest rates are generally higher. Based on today’s market rates, we estimate that interest rate differential could be as much as 0.35%. This would equate to approximately \$1.5 million in additional interest on a \$50 million bond with a 20-year term.



Request for Council Action

SUBJECT: **Update on Monopole Feasibility Study (City Project No. 2024-18)**

MEETING DATE: May 5, 2025

ITEM TYPE: Discussion Items

CONTACT: Brian Connolly, Public Works Director, 651.450.2571

ACTION REQUESTED

The Council is asked to receive an update on the Monopole Feasibility Study (City Project No. 2024-18), and provide feedback regarding next steps in lease negotiations.

BACKGROUND

The City currently leases space on several City properties to cellular service providers to install and operate antenna facilities that serve their respective network operations. The City collects approximately \$201,000 per year (2025 estimated collections) for all cellular service provider leases throughout the City. Several of these leases are on property that is managed by the City's Water Utility Division, including leasing space for attachments on two of the City's three water towers (Northside Water Tower and Arbor Point Water Tower), and leasing ground space at two additional City-owned properties (Northside Booster Pump Station and at 6410 Carmen Ave). The leases on the Northside Water Tower (1779 50th Street E.) and Northside Booster Pump Station (5030 Babcock Trail) are located approximately ¼ mile apart. Their lease payments total just over \$167,000 per year (2025 estimated collections), or approximately 83% of the total current lease revenue collected by the City on an annual basis.

Leases on the Northside Water Tower are set to expire at the end of 2025, and this water tower is scheduled to receive a complete rehabilitation (interior and exterior re-painting) in 2027. The City's Public Works staff believe that leasing to cellular service providers that are affixed to the structure of water towers can have a negative impact on water operations by creating the need to provide access to private telecom contractors at any time requested, reviewing plans for modifications, and monitoring said modifications on our facilities during maintenance and replacement activities. Staff also have ongoing security concerns about having non-City contractors working around, within, and on existing critical City water facilities, which is allowed per the City's existing lease agreements for different cellular facility carriers.

City staff have previously recommended "decoupling" antenna facilities from critical water infrastructure, including water towers, and recommended the City explore the feasibility of constructing a City-owned monopole at the Northside Booster Pump Station as a means to create a City-owned facility specifically for antenna facilities, while also maintaining the current revenue earned from these facilities. On February 26, 2024, the City Council awarded a contract to VMC, LLC (Resolution 2024-032) to perform this feasibility study.

The feasibility study is nearing completion, staff have engaged with antenna facility operators to

discuss their interest in relocating to the proposed monopole, and cost estimates for the monopole have been refined. As lease negotiations require time from City staff, the City's consultant engineer, and the City Attorney, staff wanted to present the details of the monopole study, including cost estimates, as well as future lease revenues, to ensure the Council is still comfortable with staff proceeding with lease negotiations with interested antenna facility operators.

The presentation and discussion will focus around the following key items:

1. Background - Reason for performing the study.
2. Feasibility study results, including capital/construction costs, anticipated future revenue projections, and recommended funding mechanisms.
3. Discuss Council's comfort with proceeding with lease negotiations while the feasibility study is completed.
4. Review the overall project schedule and next steps.

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

ATTACHMENTS

None



Request for Council Action

SUBJECT: **Restrictive Vehicle Signage Discussion**

MEETING DATE: May 5, 2025

ITEM TYPE: Discussion Items

CONTACT: Brian Connolly, Public Works Director, 651.450.2571

ACTION REQUESTED

The Council is asked to receive information and engage in discussion regarding the City Code language and State Statutory requirements related to restrictive vehicle signage on City streets.

BACKGROUND

City staff regularly receive citizen requests for certain types of signage to be installed on City streets throughout the community. Often, there is a disconnect or misunderstanding regarding what type of signs are allowed either by City Code or State Statute, what is enforceable and who has the ultimate say in when a certain type of sign is installed. Whether it is a request for a speed limit sign, stop sign, pedestrian sign, or truck restriction signs, each of these signs has different regulations governing how and where they can (or should) be utilized in our local street system, and different enforcement mechanisms. The Public Works Director will provide a presentation that highlights restrictive vehicle signs, provide a summary of our City Code provisions regarding these signs, discuss ways certain signs have been implemented in the past, and what options exist for the Council moving forward and the potential impacts of implementing those options.

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

ATTACHMENTS

None



Request for Council Action

SUBJECT: **Stormwater Focus Group - Application Feedback**

MEETING DATE: May 5, 2025

ITEM TYPE: Discussion Items

CONTACT: Brian Connolly, Public Works Director, 651.450.2571

ACTION REQUESTED

The Council is asked to provide feedback on the applications received for the Stormwater Citizen Focus Group, and identify two members of the Council to participate in the Focus Group effort.

BACKGROUND

The application period for the Stormwater Citizen Focus Group closed on April 20, 2025, with nine applications received. All applicants represented either urban or rural residential properties, with no applications from individuals representing local businesses or other land use categories. An additional solicitation through the River Heights Chamber of Commerce was sent out on April 24, with a request that any business representatives interested in participating reach out to the Public Works Director for consideration by May 5. Any applications received by May 5 will be shared with Council at, or ahead of, the worksession meeting for consideration.

Staff are requesting feedback from Council on the applications received, in order to finalize recommended Focus Group appointments at the May 12 regular City Council Meeting. Further, staff are requesting that the Council determine two Council members to participate in the Focus Group, as was identified in the Citizens Focus Group Charter adopted via Resolution 2025-030 on February 10, 2025.

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

ATTACHMENTS

None